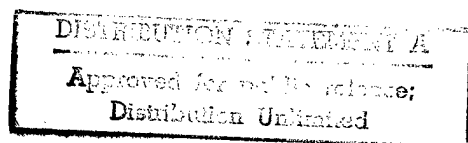


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1 APRIL 1987

# Southeast Asia Report



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1 APRIL 1987

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# ASEAN TO PROTEST EEC DUTIES ON VEGETABLE OILS, FATS

Kuala Lumpur BUSINESS TIMES in English 18 Feb 87 p 1

[Article by Hardev Kaur]

[Text]

ASEAN will make collective representation to the European Economic Commission against the proposed duties on imports of vegetable oils and fats into the Community.

Concerted effort will be made on all fronts, sources said yesterday. The Asean Brussels Committee (ABC) is expected to submit its representation to the Commission today, the Asean ambassadors and high commissioners to the United Kingdom will do their part in London and Foreign Minister Datuk Rais Yatim is expected to raise the issue with EEC ambassadors and high commissioners in Kuala Lumpur tomorrow.

Asean members are major producers and exporters of vegetable oils such as palm oil and coconut oil. In 1985, for example, Malaysia alone exported 470,887 tonnes of palm oil and palm kernel oil to the EEC valued at \$565 million. Presently, Malaysian crude palm oil to the EEC is subject to 4 per cent tariff and refined palm oil to 12 per cent.

Malaysia on its own lodged a protest last week with the Belgium Ambassador to Malaysia, Mr Pieter H. Berghs. The Malaysian Ambassador to Thailand was also directed to make immediate representation with the EEC ambassador to the region who is based in Bangkok.

Sources said while the Government is doing what it can, the industry should also make an effort to do something about the levy, which is both "punitive and protectionist." In fact, the industry will be directly hit if the proposal is accepted by the EEC

Council of Ministers.

The Commission, the executive branch of the European Economic Community, approved a farm price package for the 1987-88 season yesterday, which includes a tax on both imported and EEC produced vegetable oils and fats. It is understood that Spain and Portugal, two producers of vegetable oils in the EEC, will initially be exempt from the tax. The EEC Council of Ministers are expected to meet on Monday to consider the proposal.

The amount of tax proposed will mean a near doubling of the oils and fats prices this year to about 700 European Currency Units (ECUs) a tonne from 370 ECUs a tonne.

While the proposed levy is a modification of an earlier proposal which sought to impose the duties only on imported oils and fats, sources stressed that the situation as far as Malaysian and Asean vegetable oil producers are concerned remains unchanged. The proposal is protectionist and punitive and against the Ministerial Declaration in Uruguay on the Multilateral Trade Negotiations (MTN) in September last year, which called for greater liberalisation of world trade.

Sources said that representations will now aim at getting the tax dropped from consideration by the EEC Council of Ministers. If approved, the proposed tax will come into effect on April 1.

Opposition to the proposed levy is growing, with the US, con-

sumers in the EEC and Britain, a member of the grouping, saying that it will have adverse effects. British Foreign Minister Sir Geoffrey Howe had been quoted as having said: "It simply passes on the costs to the consumer and raises difficulties on the trading front with the US and our partners."

Fears have been expressed that the move by the EEC may provoke new US-European trade tensions. However, EEC Commissioner for Agriculture Policy Frans Andriessen, in announcing the proposed new tax and the overall 1987 farm price package, said he did not foresee a major new trade conflict with the US.

The package proposed by the EEC has three major components:

- New guaranteed EEC prices for the year starting April covering a wide range of products from milk and cereals to wine and olive oil. These are accompanied by several other related measures, such as reducing the period during the year when the Community will buy up surplus grain.

- Changes to the system of "green" currencies, the national exchange rate used to convert common ECU prices into national currencies. The main aim is to reduce the scope for "disguised" price increases arising from EMS realignment and;

- The oils and fats tax or "stabilisation mechanism" which is designed to raise money to pay for the increasingly high levels of support in the sector.

/9317

CSO: 4200/402

OUTGOING ARMY CHIEF DEFENDS ANZUS, U.S. TIES

Melbourne THE AGE in English 18 Feb 87 p 3

[Article by Tony Burchill]

[Text]

The retiring chief of the Australian Defence Force, General Sir Phillip Bennett, said yesterday that he disagreed with New Zealand's anti-nuclear stand and described the American-Australian alliance as "rock solid".

Before his farewell speech to staff at the Defence Centre in St Kilda Road, Sir Phillip also gave his views on the likelihood of nuclear capacity for Australia, the Anzus alliance, the Dibb report, the Vietnam War and the health of the Defence Force.

On the question of becoming a nuclear power, Sir Phillip said that although it was difficult to "crystal ball", there was no reason for Australia to interest itself in nuclear capability "while it has the credibility of nuclear support through the alliance.

"It may, however, be eminently sensible to base some of our defence support on a nuclear industry, such as with nuclear power, if such an industry develops in the future," he said.

On the split in Anzus, Sir Phillip acknowledged New Zealand's "right to make its own decisions". "We will endeavor to keep the Anzus alliance, as we believe that our historical and regional ties with New Zealand must be maintained," he said.

He said the Dibb report, which emphasised self-reliance for the Defence Force, had met with approval from the United States in discussions he had had with the

Secretary of State, Mr Shultz, and the Defence Secretary, Mr Weinberger.

He spoke enthusiastically about community attitudes to the Defence Force and sees no threat to Australia in the next 20 to 30 years, qualifying it by saying that such threats could develop "as the future is always uncertain".

On the Soviet presence in the Pacific, he said there was no truth in suggestions that Australia was heading toward a realignment with the Soviets.

Sir Phillip, who served in both the Korean and Vietnam wars during his 41 years in the army, said that both conflicts had shown Australia's commitment.

"The Korean War was a firm indicator of our commitment to the ideals of the United Nations. In the different conflict of the Vietnam War, we showed our willingness to meet our commitments to peace and stability in the region.

"There were a lot of colorful, academic views on our involvement, which I don't believe the general community supported. The country has always been very proud of our army, naval and air force personnel and Vietnam was no exception."

Sir Phillip received a salute of honor, with three loud cheers and the raising of hats by servicemen and women

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CSO: 4200/407

GREENPEACE CONCERN OVER U.S. NAVY NUCLEAR MISHAP POLICY

Auckland THE NEW ZEALAND HERALD in English 24 Feb 87 p 16

[Text]

NZPA Sydney

Documents obtained under United States Freedom of Information laws show that if a United States Navy vessel had a serious nuclear accident on Sydney Harbour, the New South Wales Government could lose all control of events, Greenpeace says.

Greenpeace spokeswoman Faith Doherty said there was a real chance that the United States Navy would throw a security blanket over the area, keeping all non-United States personnel out.

Faith Doherty said that concern about this was expressed in a Greenpeace submission to the Senate Standing Committee on Foreign Affairs investigation into the safety procedures for nuclear vessels in Australian waters.

**Sealed-Off**

She said that a forewarning of what would happen in the case of a nuclear accident in Australian waters was given in a series of United States Navy exercises called NUWAX.

"During the exercises, a one kilometre area around a nuclear weapons accident is sealed off completely and designated 'American sovereign soil,' with no access to the public, the media or even to representatives of the Government on whose territory the accident occurs," Faith Doherty said.

In the 1981 NUWAX exercise, she said, a simulated "demonstrator" who broke into the no-go zone was "shot."

A former Royal Australian Navy officer shares Greenpeace's concern.

**No Guarantee**

Michael Lynch, who spent his final three years in the Royal Australian Navy as the officer responsible for visits to Western Australia by all United States nuclear-armed and nuclear-powered warships, said the United States evacuation plan would be implemented for security reasons, apart from any threat to the environment posed by a radioactive leakage.

"There is no guarantee that the United States Navy would tell if there was an accident or a leak of radioactive material," the former lieutenant-commander said.

Greenpeace also has expressed concern at the apparent lack of any New South Wales contingency plan for such an accident.

The Interdepartmental Committee on Visits of Nuclear Warships to New South Wales Ports told the then Minister for Planning and Environment, Mr Brereton, in a leaked confidential report in 1978 that people in the vicinity of the accident would need to be evacuated within two hours.

**More Traffic**

But Faith Doherty said there had been no practice of evacuation procedures in Sydney in the event of an accident since the report was published almost 10 years ago.

"Since that time the population would have expanded and there would certainly be more traffic on the roads.

"We feel that it would be impossible to evacuate people within two hours from the area referred to in the New South Wales report.

"It is obvious that the safety plans that exist are totally inadequate, we do not have the proper response capabilities and there is a definite lack of information regarding nuclear-related accidents in our ports."

**Great Risk**

Greenpeace Australia commissioned Professor W. Jackson Davis, a professor of biology in the nuclear policy programme at the University of California, to prepare the report submitted to the Senate Standing Committee last week.

Professor Davis said the consequences of a nuclear accident could be established precisely, but to establish the probability of an accident required information that the military had been unwilling to provide.

He described Australia's acceptance of foreign nuclear-armed or nuclear-powered vessels as equivalent to "acceptance of an incalculable risk."

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CSO: 4200/407

EDITORIAL CHIDES MOSCOW ON CAM RANH BAY CLAIMS, EVIDENCE

Sydney THE AUSTRALIAN in English 10 Feb 87 p 10

[Editorial: "Soviets' Pacific Base"]

[Text]

ONLY two weeks after the Soviet Union's Minister-Counsellor in Canberra, Mr Valery Zemskov, claimed in the pages of *The Australian* that there was no Soviet naval base in Vietnam's Cam Ranh Bay, Admiral Lyons, the American Naval commander in the Pacific, has produced conclusive evidence to the contrary.

Cam Ranh Bay symbolises the Soviet Union's new military power and potential in the Pacific. Moscow's reach now extends deep into our region, and it is time for Australia to recognise this reality and shape new strategic and diplomatic policies that both acknowledge and aim to meet this threat.

Since the fall of South Vietnam in 1975, and the ending of the American presence in Indo-China, that unhappy region's chaos has been Moscow's gain. Vietnam's 50 million people live under an old-style Stalinist regime. Thousands of Vietnamese citizens languish in a gulag of "re-education" camps 12 years after the end of the Vietnam war, while thousands more each year take to the high seas in unsteady boats to flee oppression. The price paid for the trickle of Soviet economic aid to these three States is

Moscow's permanent right of access to Cam Ranh Bay, the springboard for the new drive into the Pacific proclaimed so eloquently by Mr Gorbachev in his Vladivostok speech of July last year.

This is the context in which we should consider our regional strategy. The Pacific is no longer an American lake – it is an area of expanding Soviet influence and activity. The uncertain future of the principal American naval base in the region, Subic Bay in the Philippines, becomes all the more crucial a factor in view of this Soviet build-up.

Moscow's willingness to sign the South Pacific Nuclear-Free Zone Treaty, rejected last week by the US, fits in with a long-term goal of gaining regional position at Washington's expense. The SPNFZ treaty would have little effect on the Soviets, who are still weak in the area, but would place some constraints on the US warships that now patrol these waters. For this reason alone, Canberra should have grave reservations about promoting SPNFZ.

Perhaps the surest sign of the new high Soviet profile in the Pacific is Moscow's quest for fishing rights in the waters of the ocean's island States,

presented as a straight economic deal. In fact, as Admiral Lyons points out, the Soviets are "after more than fish" in these waters. Their true priorities are increased espionage and diplomatic gain.

Cam Ranh Bay speaks volumes about Moscow's intentions. The Soviet Government, despite its headline-grabbing internal economic reforms, is committed to the expansion of its military power, now being channelled through Vietnam into the Pacific.

Australia's defence strategy must be based on a clear understanding of the military balance in our region, and for that reason a knowledge of what goes on at Cam Ranh Bay is essential. This base provides much of the muscle behind Moscow's diplomatic manoeuvres. If the past fortnight's surreal dispute over Cam Ranh Bay raises awareness of Soviet military strength in our region, some good will may have come of it.

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CSO: 4200/407

AGRICULTURAL WEEKLY HITS U.S.-PRC WHEAT BID

Government, Wheat Board Anger

North Richmond THE LAND in English 29 Jan 87 p 5

[Text]

THE tentacles of the US wheat export subsidy program have spread to China, a linchpin of Australia's wheat trade.

US officials have offered a million tonnes of cheap wheat to China in a move which predictably has angered the Federal Government and Australian Wheat Board.

The offer to China — yet to be taken up by the Chinese Government — follows hot on the heels of a renewed pitch by the US to sell 100,000 tonnes of subsidised wheat to the Yemen Arab Republic and an allocation of 800,000 tonnes to Iraq.

The Minister for Primary Industry, John Kerin, has been engaging in a slanging match with the US agricultural attache in Canberra, Jim Parker, over US offers of cut-price grain in markets traditionally supplied by Australia.

Mr Kerin has repeatedly pointed out that America's Export Enhancement Program (EEP) was originally intended by the US as a weapon to hammer cheap EC wheat

out of world markets, but the ones being hurt most are countries like Australia and Canada.

The US offer to China is the first for several years and represents a serious drive into a market dominated by Australia, Canada and Argentina.

The US announcement failed to detail the projected subsidy, but the Australian Wheat Board believes it is about \$US40 a tonne.

Wheat Board chairman, Clinton Condon, said this week he was disappointed the US had decided to cast its subsidy net even wider, but would not comment further because of the meeting of ministers from the five major exporting countries at San Diego, California, in mid-February.

Because of the long-standing and close commercial ties with China, Mr Condon expects the Wheat Board will maintain shipments at levels similar to last year's 3.2 million tonnes.

Already the board has announced a sale of 1.5 million tonnes.

## Widening Subsidies Alleged

North Richmond THE LAND in English 5 Feb 87 p 5

[Article by Don Jones]

[Text]

US Secretary of Agriculture, Richard Lyng, last week showed how little America really cares about US-Australia relations when confronted over the US offer to sell subsidised wheat to China.

In response to a question put to him by "The Land" at a press conference here, Mr Lyng admitted that the offer of cheap wheat to China was aimed primarily at boosting US wheat sales.

The admission was made at the annual convention of the US National Association of Wheat Growers in San Diego.

Mr Lyng had been asked why the US was trying to make sales of subsidised grain to China when this was an established market for Australia.

It was put to Mr Lyng that the subsidising policies of the EC were supposedly the target of the US Export Enhancement

Program, and yet the China market was one traditionally serviced by other nations.

Mr Lyng said the US was sensitive to the effect its policies were having on Australia.

US policy on the China grain offer was defended also by US special trade ambassador, Clayton Yeutter.

He admitted the China sale was somewhat different because it hadn't really been aimed at the EC.

He said the GATT negotiation was the only place where long-term reforms were possible.

Australian Wheat Board chairman, Clinton Condon, who also attended the US wheatgrowers' conference, said: "It's all very well for the US to say they are doing the world's grain industry a good turn, but while their export subsidies may be pulling the EC to the negotiating table, it is sending Australian farmers bankrupt."

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CSO: 4200/410

REPORT, EDITORIAL DESCRIBE CABINET RESHUFFLE

Right, Center Left Deal on Tate

Sydney THE SYDNEY MORNING HERALD in English 17 Feb 87 p 1

[Article by Milton Cockburn]

[Text]

CANBERRA: The Prime Minister, Mr Hawke, has kept changes to his ministry to a minimum following the election by the Caucus yesterday of Tasmanian Senator Michael Tate, 41, to replace Senator Don Grimes who is to become Ambassador to the Netherlands.

In a move designed to shore up the Government's shaky support among the ethnic communities, Mr Hawke has appointed the former Special Minister of State, Mr Mick Young, to replace Mr Chris Hurford as Minister for Immigration and Ethnic Affairs.

Mr Hurford takes over Senator Grimes's former portfolio of Community Services while Senator Tate becomes the new Special Minister of State.

In the Caucus ballot, Senator Tate, a member of the Centre Left faction, defeated the Left's Senator John Coates, also from Tasmania, by 73 votes to 38.

At a Centre Left faction meeting on Sunday night, Senator Tate comfortably defeated two other candidates, Senator Peter Cook and Senator Rosemary Crowley, in a ballot to decide the faction's nominee for the vacancy.

Yesterday morning Senator Coates defeated the South Australia-

lian Senator Nick Bolkus in a ballot to decide the Left's candidate for the Ministry.

Senator Tate's election was the result of a deal between the Right and Centre Left faction whereby the Right supported Senator Tate's election in return for that faction's support for the Right's candidates in two other ballots yesterday.

In the end, ballots were not necessary after the Minister for Resources and Energy, Senator Evans, was unopposed as Deputy Leader of the Government in the Senate, and NSW Senator Kerry Sibraa was unopposed as Labor's nominee as President of the Senate following the retirement of Senator Douglas McClelland to become High Commissioner to London.

Senator Sibraa expressed confidence yesterday that he would win the support of the Australian Democrats and thus become Senate President after the traditional secret ballot this afternoon.

Opposition Senators will meet today and are expected to nominate the South Australian Liberal, Senator Don Jessop, as their candidate despite overtures by former Labor Senator George

Georges, now an independent, to support him for the position.

The deal between the Right and the Centre Left factions over the filling of the various vacancies has caused some bitterness in the Centre Left with many members arguing that a deal with the Left made more sense.

This would have given the Centre Left the two positions now to be filled by the Right in return for the Left getting the ministerial position.

But the Minister for Foreign Affairs, Mr Hayden, and the new Minister for Immigration and Ethnic Affairs, Mr Young, pushed strongly for the faction to accept the deal with the Right.

They argued that there was a real risk that the Centre Left would not be able to hold its numbers if the Right put up a strong candidate against the Left's nominee for the ministerial vacancy.

There is also an expectation among the Centre Left that the Right will now use its influence on the ALP's national executive to overturn the dumping of a Queensland Centre Left MP, Mr Len Keogh, in a recent pre-selection ballot.



Sydney THE SYDNEY MORNING HERALD in English 18 Feb 87 p 12

[Editorial: "A Small, but Smart Reshuffle"]

[Text]

A SHAKE-UP of the ministry it wasn't, but clever politics it most certainly was. The ministerial reshuffle that followed the departure of Senator Grimes was so slight as to be hardly worthy of the name. But it has put Mick Young, one of the Government's most effective back-slappers, back on to immigration and ethnic affairs, the beat he worked so well when Labor was in opposition. Mr Hurford has moved to Community Services, the half-portfolio created to suit the health of Senator Grimes, while Senator Tate will cut his teeth on Mr Young's old job of Special Minister of State.

Mr Hurford has come in for his share of criticism for the way he has handled Immigration and Ethnic Affairs, but the point is really that the nature of the political problem has changed. The Asian immigration issue, for which the anodyne Mr Hurford was excellent, has gone away. Now the Government's problem is the hostility of ethnic voters to its Budget decisions to merge the SBS and the ABC, axe the Australian Institute of Multicultural Affairs, and cut the funding of the English as a Second Language (ESL) program. For dealing with that, Mr Young is better suited.

However, Mr Young's move was not the only clever politics to accompany the departure of Senators Grimes and McClelland. With defections from the Centre Left, the Right might

have taken all three of the vacant positions — the place in the ministry, the Senate deputy leadership, and President of the Senate. But that would have caused a great deal of bitterness at a time when the last thing the Government needs is an outbreak of factional strife. The Right thought better of it and a deal was cut with the Centre Left.

The Centre Left would not get Senator Grimes's job as Deputy Leader of the Government in the Senate, which it dearly wanted, and might have won in a coalition with the Left. But it could have Senator Grimes's place in the ministry. The Centre Left shrewdly accepted and, to its credit, nominated one of its most talented and energetic backbenchers.

Of course, Senator Tate should have been an easy choice. To start with he is a Tasmanian, and in the search for a replacement for Senator Grimes, that is a very important qualification. But as everyone knows, Senator Tate earned the enmity of many party colleagues for his conduct as chairman of the second inquiry into the behaviour of the late Justice Murphy. Senator Tate found, on a balance of probabilities, that Justice Murphy may have interfered with the course of justice. It is to the credit of the Centre Left and the Right that they have put that grudge behind them.

So, the Right passed up the chance of an extra place in the ministry. But the decision was made less painful by the fact that the number of ministers in the Cabinet will be reduced and the Right's relative position will not be eroded. And in return it was handed the important deputy leadership in the Senate and the richly-rewarded Senate presidency. The Left, of course, ended up with nothing. It was

hoped that Mr Scholes, an independent, would step aside to give the Left another place in the ministry, but Little Toot, as he is known to his colleagues, refused to budge. He could not understand why he should retire early for the good of the party when Mr Uren and Senator Gietzelt were staying on until the next election. Even the cleverest of his colleagues could not think of an adequate reason.

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CSO: 4200/406

REPORTAGE, REACTION TO EXPORT DROP, DEFICIT

Economic Turnaround 'Elusive'

Sydney THE SYDNEY MORNING HERALD in English 17 Feb 87 p 2

[Article by Stephen Hutcheon]

[Text]

CANBERRA: Prospects for an early fall in interest rates all but vanished yesterday with the announcement that the January current account deficit was \$1.293 billion.

This makes the much-vaunted economic turnaround seem all the more elusive.

An 18 per cent fall in exports, across almost all categories, appears to have been the main cause of the reversal to the improvements registered over November and December.

This is most clearly shown in the balance on merchandise trade, which after registering a deficit of \$76 million in November and a surplus of \$238 million in December, appeared in yesterday's figures as a deficit of \$287 million.

The uncertainties embodied in the figures are borne out by the fact that the \$645 million rise in the current account deficit over January is more than double the total revised December deficit of \$598 million.

The market had been expecting a deficit in the range of between \$800 million to \$1 billion and made clear that it was disappointed with the result.

Short-term interest rates rose and the dollar fell by almost half a cent — although it was propped up by Reserve Bank intervention and a late rush of overseas interest.

Financial market sources believe that it will be difficult for the Reserve Bank to ease its grip on monetary policy and so interest rates will remain firm.

The Leader of the Opposition, Mr Howard, said that the figures were dreadful and the worst January result on record.

"They burst the false dawn on the economy which the Prime Minister and the Treasurer have talked about over the last couple of months," he said.

The director-general of the CAI industrial council, Mr Bryan Noakes, said that the worsening current account deficit made it more difficult for the economy to afford the wage increases unions were demanding.

Imports were down by about 3 per cent in line with the winding-back of domestic demand that resulted from the depreciation of the dollar and the increase in interest rates.

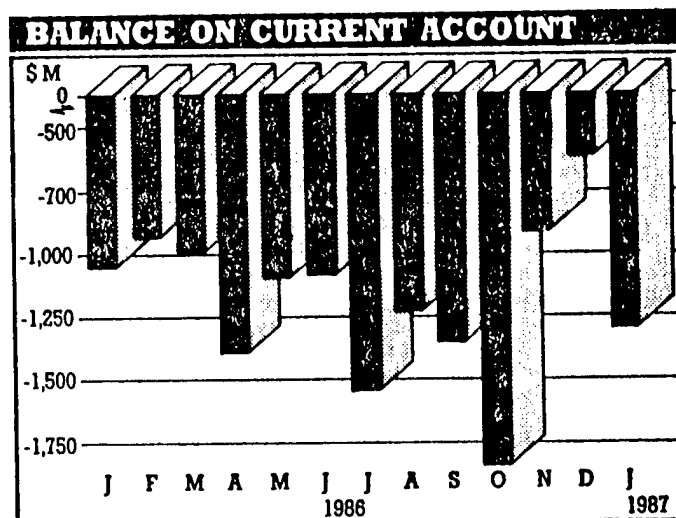
Also influencing the result was the expected increase in the net

services deficit which was largely a reflection of the increase in money spent on overseas holidays over January.

The cumulative deficit for the 1986-87 fiscal year now stands at \$8.68 billion compared with a total deficit of \$8.43 billion in the same period in the previous year.

The rural export sector recorded a 17 per cent fall mainly because of a large drop in exports of wheat, sugar, meat and cotton.

Weaker coal sales and lower machinery and transport equipment sales and no uranium sales contributed to the 19 per cent fall in non-rural exports.



Howard Criticism

Melbourne THE AGE in English 19 Feb 87 p 6

[Article by Russell Barton]

[Text]

Australia's foreign debt passed two unfortunate milestones during the September quarter. Gross debt passed \$100 billion and the net debt topped \$80 billion.

Net debt, after deducting \$20.6 billion representing Australian lending abroad and official reserves held by the Reserve Bank, rose from \$72.0 billion at the end of the June quarter to \$80.7 billion at the end of September.

The gross foreign debt, which takes no account of Australia's reserve holdings, hit \$101.4 billion. The biggest contributor — 62 per cent — to the \$10.2 billion increase between the quarters was caused by the devaluation of the dollar.

The remainder — 38 per cent — of the rise resulted from the continuing deficit on Australia's overseas current account.

The Opposition Leader, Mr Howard, said the figures showed that Mr Keating, whom he described as the man who had lost Australia's triple A credit rating, had now made history as the coun-

try's \$100 billion man.

He said the Prime Minister, Mr Hawke should have sacked Mr Keating for failing to complete his 1985 and 1986 tax returns on time.

"The Hawke Government's ministerial reshuffle this week obviously did not go far enough. How long can Australians afford to allow Mr Keating to arrogantly hold down the Treasurer's job and fail to perform."

The shadow treasurer, Mr Carlton said gross foreign debt had soared from \$36 billion, or 21.3 per cent of gross domestic product, to more than \$100 billion or 42.9 per cent of GDP in only three-and-a-half years.

He said the public sector component of the debt had risen from \$14 billion to \$41 billion under the Hawke Government.

The Bureau of Statistics figures which revealed the rising foreign debt showed that foreign investment in Australia during the September quarter totalled \$4.3 billion, mainly reflecting borrowing abroad.

Melbourne THE AGE in English 19 Feb 87 p 13

[Commentary by Kenneth Davidson: "External Debt a Burden on All"]

[Text]

**I**T MAY be possible for politicians to talk about tax cuts in 1987-88, but it is unlikely given that our external debt is growing at about five times the rate of our export receipts.

Figures released yesterday by the Bureau of Statistics show that in the September 1986 quarter, Australia's net external debt rose 12 per cent to \$80,713 million and the gross debt rose 11 per cent to \$101,366 million.

The external deficit is a real burden on all Australians which now amounts to some \$5000 per person or about \$11,000 for each employed Australian.

And it can only be repaid through the generation of an export surplus generated either through higher exports or reduced imports or financed by even higher levels of borrowing.

Unfortunately, as is now well known, the outlook for the bulk of our traditional commodity exports is grim and there is no chance that manufacturing exports will take up the gap in the medium term simply because investment in manufacturing has declined in recent years.

The increased foreign borrowings have been used to finance consumption rather than investment.

Nor has the Australian dollar's devaluation reduced import demand in the manner anticipated by rising import prices.

The demand for imports is a function of the relative price of domestically produced goods compared to imported goods, the capacity of the economy to meet any change in demand for domestically produced goods and the overall level of domestic demand.

Thus, if there is little prospect of an improvement in exports and if domestic industry lacks the capacity to meet potential demand diverted from imports, the only way to generate a trading surplus is by reducing domestic demand.

This means engineering a recession primarily through a deflationary budgetary policy which

will reduce domestic growth and increase unemployment.

This analysis and policy prescription now has bipartisan support from groups as diverse as the Government, the continent Opposition, business lobbies and right-wing think tanks.

None of these groups is particularly eager to spell out the social and economic costs of such a policy and each would blame different groups in the community or world conditions for the problem.

But all agree that domestic demand must be deflated through a reduction in the budget deficit.

And nobody who is close to the problem, including the leaders of the coalition parties in Canberra, believes that the deficit can be reduced while at the same time the tax burden is reduced.

The real choice for decision makers in the 1987-88 and the 1988-89 budgets will be whether they can reduce expenditure or whether they will have to raise taxes to depress domestic demand.

And it is my guess that not only the Hawke Government this year, but even a possible Howard/Peacock/Bejlke-Petersen government next year, will find it more expedient to raise taxes rather than cut government spending.

Those who believe otherwise are ignorant of the actual record of the former Fraser/Howard Government in Canberra or the present Bejlke-Petersen Government in Queensland, and the fact that it is near impossible to find an expenditure tax trade-off where the tax reduction will buy more votes than the expenditure cuts will loose.

And the argument that Australia's economic problems are bound up in high taxing, high spending governments that frustrate work effort and entrepreneurial spirit is largely "ideological" belief rather than the expression of self-evident truth.

There is simply no theoretical or empirical support for the argument underpinning the demand for a lower and flatter income tax financed by expenditure cuts or a broad-based consumption tax will result in an increase in work effort.

And there is no guarantee that tax cuts would be used to finance higher savings and investment directed towards restructuring the economy rather than higher levels of consumption.

The persuasiveness of the argument for lower taxes on the rich depends on its appeal to self-interest rather than reason.

And the twin argument that governments are a wasteful, not a productive, user of resources depends on the application of non-economic criteria to public output which is not applied to private output.

Thus there is no waste in the production of anything that sells, no matter how trivial or how much the demand may have to be induced through advertising, because the very act of purchase provides the justification for whatever resources are used.

Hence the Business Council of Australia says the borrowing requirement of the states must be cut by \$2000 million next year and the Commonwealth deficit must be cut by \$3000 million through a reduction in government spending.

Given that domestic expenditure must be cut, the cuts should be made by reference to the way in which all community expenditures contribute to restructuring or minimise the social damage of recession rather than by reference to ideology.

For instance, I would suggest that a non-discriminatory tax on imports, which was used to finance specified investment, would contribute more to economic restructuring than an equivalent cut in education or welfare spending used to finance a cut in taxes on the rich.

The statistics released yesterday showed that on top of our need to borrow to cover a huge deficit on current account, we had to borrow a further \$2687 million to cover the outflow of the Australian dollar, which is largely seeking speculative gains through the devaluation of the dollar.

This money is largely life office and superannuation funds which receive huge tax subsidies. These savings should be financing long-term investment in Australia instead of compounding the balance of payments problem.

#### Editorial View

Sydney THE SYDNEY MORNING HERALD in English 17 Feb 87 p 12

[Editorial: "After the Trade Aberration"]

[Text]

JANUARY'S trade figures are a splash of cold water for those still swooning over the low current account deficits of November and December. With January's remarkably good unemployment figures, they should leave the Cabinet in no doubt: election notwithstanding, interest rates have to be kept up for a while yet, and government spending has to be cut hard — with a mini-Budget in May.

Almost certainly, last month's high current account deficit means that the low November and December deficits were an aberration. There was no early, unexpected response by industry and consumers to the dollar's depreciation; just a series of

coincidences that produced an unsustainably low level of imports in November, and unsustainably high exports in the December. The average current account deficit for the three months to the end of January is just over \$900 million. That is slightly better than was generally expected, and the betting now is that the current account deficit for this financial year will be slightly less than the Budget estimate of \$14.7 billion.

The lesson for the market is, don't put too much faith on the highly volatile monthly trade figures. Those who did get their fingers singed in yesterday's correction, when the dollar dropped nearly half a US cent. The lesson for the Government

is that the correction of the current account deficit is running according to its long, hard schedule. The J-curve is working: manufacturers are increasing production to take advantage of their improved competitiveness; exports of manufactured goods and services have increased over the past year. But the process of adjustment is slow — and will involve considerable investment, which itself will add to the import bill.

Until that adjustment is far more advanced, the task of winding back the current account deficit must fall on monetary, fiscal and wages policy. Only by keeping the brakes on domestic demand can the Government curb imports — and avoid another run on the dollar and a politically fatal recession.

But if yesterday's trade figures scotched hopes of an early easing of interest rates, Friday's unemployment figures offer the Government hope that it can get away with high interest rates and spending cuts in an election year. Amazingly for an

economy that has been idling for the best part of a year, unemployment has not risen dramatically. Since July, unemployment has been hovering just over 8 per cent. In January it fell, from 8.4 to 8.2 per cent. The apparent reason for employment holding up so well is the decline in real wages. Employers, it seems, have put on extra labour rather than invest in new equipment.

While employment holds up and unemployment is reasonably stable, the Government should keep monetary and fiscal policy tight to make as big a hole as it can in the current account deficit. The task of cutting into the deficit and stabilising the foreign debt is too great for the Government to be fiddling about — and the foreign exchange market is too impatient and prone to bouts of panic. The great benefit of yesterday's dreadful trade figures is that no-one — not even the most wishful thinkers in the ministry — can imagine that, somehow, the J-curve has arrived early to give everyone an easier year.

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CSO: 4200/406

KEATING WARNS STATES OF BUDGET CUTBACKS

Sydney THE SYDNEY MORNING HERALD in English 16 Feb 87 p 3

[Text]

The Treasurer, Mr Keating, has signalled a tough stance in forthcoming pre-Budget battles for State Government funds.

He warned yesterday that the Premiers' Conference in June would tighten funds available for State programs, and called for a reduction in loans and public sector activity.

Speaking on the *Business Sunday* program, Mr Keating also foreshadowed a reduction in Federal Government programs.

He said there was no point in Federal ministers cutting outlays if the States and State authorities continued to expand.

"We are being undermined by a level of spending that Australia just can't afford," he said.

"Squirreling money away, crying poor when there's cash there to be used, is really a very tired act.

"The States will, in colloquial terms, just have to pull their heads in.

"They have had a good go in the 70s and half of the 80s — it's time they chopped it out for a while.

"There is not much point in Commonwealth ministers cutting outlays to reduce the public sector borrowing requirement if on the other side the States are running up expensive programs.

"We will be telling the States that this situation must change and do something about it at the Premiers' Conference — such as chopping back their borrowing programs."

The Treasurer did not rule out the possibility of a May economic statement, saying he saw advantages in not having to wait until the August Budget date.

"If we think that there is something that hangs together as a comprehensive package of measures for May, then we will be pleased to do it, but, if it doesn't, I don't think we will worry too much and we will present a Budget in August," he said.

"The kind of discipline we have had in the last two years we will have this year."

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CSO: 4200/407



GOVERNMENT USES UNEMPLOYMENT DROP AGAINST ACTU

Sydney THE SYDNEY MORNING HERALD in English 13 Feb 87 p 3

[Article by Matthew Moore and Rod Frail]

[Text]

**MELBOURNE:** The Federal Government has warned trade unions they will be responsible for significant increases in unemployment if they do not accept another year of modest pay increases.

The Minister for Employment and Industrial Relations, Mr Willis, issued the warning when commenting on January's unemployment figures, released yesterday, which show the seasonally adjusted rate has dropped to 8.2 per cent, down 0.2 per cent on December.

But the level of unemployment remains significantly higher than the 7.7 per cent rate of 12 months earlier.

Mr Willis said the latest figures provided further cause for confidence that the labour market would continue to improve.

But he made clear the Government's view that such improvement would be short-lived if the ACTU decided to reject the next national wage case decision as inadequate.

In the Arbitration Commission this morning, the ACTU will tell the national wage bench that the Government's proposal for a \$10 weekly increase, plus 3 per cent, is unacceptable.

On the last day of hearings before the Bench retires to begin its deliberations, the ACTU will argue that its claim of \$20 plus 4 per cent must be granted if a new wage fixing system is to be accepted by the unions at a special conference due next month.

Mr Willis appeared to be hosing down expectations of a \$20 rise. Moderate wages policies under the prices and incomes accord had allowed a steady fall in unemployment despite terms of trade which were the worst experienced since the 1930s, he said.

"The only other way would have been to have a dramatic increase in unemployment to smash trade union bargaining power," Mr Willis said.

January's figures gave the Government confidence that its budget forecast of 1.75 per cent growth in employment for 1986/7 would be comfortably met, he added.

Employment increased by 0.3 per cent (19,800) in January, following an increase of 0.8 per cent in December (54,800).

The Opposition spokesman on employment, Mr Brown, welcomed the slight fall in the numbers out of work, but said any

variation in figures over one month should be treated with caution.

"There are still serious weaknesses in the Australian economy, which can give no confidence for a long-term improvement in the labour market," Mr Brown said.

"In particular, the current brawl between the Government and the ACTU in the national wage case should focus attention on the fact that Australia cannot afford to increase its wage costs when its record on productivity growth is woeful.

Mr Brown, who is deputy Opposition leader, could not resist a swipe at Queensland, which showed an unemployment rate of 10.3 per cent.

In an ABC radio interview he said the unemployment figures showed "the economy is not all that red-hot in Queensland".

Mr Willis said the fact that the State figures were not seasonally adjusted made it difficult to comment.

Tasmania had the highest figure of 10.4 per cent, with Victoria's again the lowest at 7.1 per cent, and NSW at 9.7 per cent.

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CSO: 4200/407

OPPOSITION LEADER BATS FOR INDIRECT TAXES POLICY

Sydney THE SYDNEY MORNING HERALD in English 19 Feb 87 pp 1, 2

[Article by Mike Steketee]

[Text]

CANBERRA : The Opposition Leader, Mr Howard, staked his reputation yesterday on a Coalition tax policy which includes a significant shift from income to indirect taxes.

Sir Joh Bjelke-Petersen and some National MPs have said flatly they will not accept any new tax, including a consumption tax, and there are reservations among many other Opposition members.

But Mr Howard insisted: "No-one is going to bully or subjugate the Liberal Party into accepting a tax policy — or indeed any other policy — which defies the laws of arithmetic."

The Opposition Leader's argument is that while large spending cuts would provide scope to cut taxes, to go further and achieve major reform of the income tax system requires shifting part of the tax burden to indirect taxes. Otherwise, he says, the figures do not add up.

"Everybody, including the Queensland Premier, must understand that if we are to have any credibility in cutting taxes, we have to tell the Australian public where the money is coming from.

"It is about time that people who really want genuine tax reform face the reality of the numbers."

The Opposition's draft policy, which provides for income tax rates of 25 per cent and 35 per cent while lifting the tax-free threshold to \$6,000, is predicated on a retail turnover tax of about 8 per cent.

Mr Howard said it was a "nonsense" to talk of two taxation policies when the Liberal and National parties were in Coalition.

He has supported a broad-based measure such as consumption tax from the days when he tried unsuccessfully to win Cabinet support for the proposal during the Fraser Government.

Any back-down now would put a severe dent in his credibility at a time when his leadership is under strong pressure. But there are also clear risks, given the revolt by National MPs against consumption tax, and the fact that Sir Joh is using the issue as a lever to break apart the Coalition.

Mr Howard is making a stand on the issue which could determine his own future, as well as that of the Opposition's tax policy.

The National Party Leader, Mr Sinclair, called his third party meeting in as many days yesterday, this time to discuss the party's stand on taxation.

But his authority again came under challenge when he tried to lay down the law on leaks from the party room, and was openly

defied by the Queensland MP, Mr Ian Cameron.

As well, the chairman of the Glen Innes branch of the National Party in Mr Sinclair's electorate, Mr Philip Black, said he supported Sir Joh for Prime Minister — a step which would mean deposing Mr Sinclair as National Party leader.

The main National Party meeting deferred a decision on tax policy, but Mr Sinclair did distribute to MPs a copy of the Queensland Nationals' platform, which despite Sir Joh's strident stand against consumption tax, includes a clause saying that the party favours increased reliance on indirect or consumption-based taxation. The Federal platform also contains a reference to the need to broaden the tax base.

But Mr Sinclair still has a long way to go to convince his party to accept a shift to indirect taxes in the lead-up to the election.

The best chance for a compromise is to sell such a policy in terms of extending existing taxes — as the Government itself is doing on wholesale taxes — rather than introducing a new tax. But this also reduces the revenue to be gained.

Mr Howard argued yesterday that a broadly-based indirect tax would enable a reduction in taxes such as the fuel excise, which

is a source of strong complaint in rural areas.

In Parliament, the Treasurer, Mr Keating, launched a major assault on the points on which Mr Howard is trying to sell his yet-to-be announced tax policy — credibility and responsibility.

He costed the Opposition's draft tax policy at \$6,650 million, which added to Mr Howard's other promises and the likely dumping of consumption tax, left a credibility gap of \$14.7 billion, Mr Keating said.

But even if Mr Howard sacked the whole of the Commonwealth workforce, including abolishing the armed forces, that would save just \$5 billion.

"If the markets thought that there would be an addition to the Budget deficit of \$14 billion, in addition to the \$4 billion which is there now, they would squash Australia with interest rates and ram it into a recession which would break this nation's back."

Mr Howard said the \$14 billion figure was nonsense, which Mr Keating had arrived at through a mixture of "lies, errors and speculation".

A poll published in yesterday's *Bulletin* shows Mr Andrew Peacock outstripping Mr Howard as the preferred Opposition Leader by 42 per cent to 23 per cent.

There is no overt manoeuvring at present by Mr Peacock or his supporters, but there is little doubt that if an already weakened Mr Howard slips up, Mr Peacock will grasp the opportunity and challenge for the leadership.

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CSO: 4200/407

# NSW FARMERS CONSIDER DIRECT GOVERNMENT AID

North Richmond THE LAND in English 5 Feb 87 p 5

[Article by Alan Dick]

[Text]

THE NSW Farmers Association has set aside its traditional dislike of subsidies and will press for direct government compensation to producers hit by the world trade war.

And with concern for the hard-pressed wheat industry its major pre-occupation, the association's general council decided to meet in committee this morning (Thursday) to decide on tactics to support a move for a rebate on all government taxes and charges imposed on primary production — an estimated \$20-\$30 a tonne on wheat growers.

Association president, Michael Tooth, also blasted the NSW Government for its failure so far to support an association submission calling for increased rural assistance funding for NSW.

He said the submission, calling for an additional \$20 million for the NSW Rural Assistance Board for the period to June 30 this year, needed State Government support if it was to succeed in Canberra.

The farm compensation challenge was put by Peter Ryan of Canowindra — leader of the Canowindra

Rural Reform Committee — who in the opening minutes of the meeting asked whether the association had the will to take stronger action to support its hitherto unsuccessful efforts to achieve a free float of the Australian dollar.

Michael Tooth replied that it was up to the general council to decide, and that a series of options for direct action had been agreed on at the 1986 annual conference.

The motion for a rebate on government taxes and charges affecting primary production was derived from one originally moved by Ed Colless from Walgett.

It also called for priority treatment for wheat.

The general council decreed that the association's submission on this resolution should be presented to the Government within 30 days.

It accepted Mr Tooth's recommendation that tactics for actions to support the move be worked out at a special in-committee session on Thursday morning.

The motion seeking direct financial help for in-

dustries affected by the international trade war — again mainly directed at helping wheat — was moved by Gordon Frend of Gulargambone. The compensation could be about \$50/tonne.

"We have to consider whether our traditional distaste for talking about government assistance is something we can sustain," Mr Frend said.

He said Australia was the only wheat-producing country with a high-cost environment and effectively without any government assistance.

Opposing the motion, Malcolm Heath of Curlew said he was terribly concerned about the association going down the path of subsidisation, particularly since the organisation had been one of the main critics of the level of government spending.

Charles Armstrong of Nyngan also opposed the motion, and said it was "unpalatable to the public and terrific for the media".

"How can we argue for cuts in the Government deficit and cuts in overseas borrowing when we support this sort of arrangement?" he said.

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CSO: 4200/410

# NEW COAL INDUSTRY LOSSES REPORTED, ANALYZED

Sydney THE SYDNEY MORNING HERALD in English 17 Feb 87 p 21

[Article by Andrew Main]

[Text]

The coal industry in NSW has suffered bottom-line losses for the past six years, with the last three years alone totalling \$185 million, according to a study by accountants Coopers and Lybrand.

The study, to be released today, shows that the inclusion of write-downs from devalued mines and reserves helped push negative extraordinary items to a record \$161 million in the 1985-86 year alone. That means the average return on shareholders' funds earned by the NSW coal industry is minus 5 per cent.

The losses are not new information, but the NSW Coal Association has decided to highlight the industry's problems by publicising the information.

Because Queensland mines are newer and more efficient, no previous Australia-wide studies have highlighted NSW's sliding competitiveness. The only major clue provided was that the State's 1986 exports were 0.7 per cent less than 1985's.

Book write-downs might seem a notional adjustment to results, but last week's sale of the Saxonvale coal mine by BHP to Peko-Wal-Isend, which involved a realised loss estimated at \$80 million on its own, suggests the Coopers and Lybrand figures are hardly optimistic. Saxonvale was sold to Peko for an estimated \$50 million after development expenditure by BHP of at least \$130 million.

The study shows that although the NSW coal industry made a net profit before extraordinary items of \$92 million in 1985-86, its first positive figure in three years, the huge \$161 million extraordinary item hanging below it necessitated a bottom-line figure of minus \$69 million for the year.

Even without the extraordinary adjustments, the figures are unimpressive: the \$92 million profit, made only because of the devaluation of the dollar, is a return on funds employed of just 4 per cent.

Another item in the study shows that a lot of borrowings by NSW coal companies are non-interest-bearing loans from parent companies, and that if the producers had had to pay market interest on the loans the aggregate expense last year would have doubled and the \$92 million operating profit would have been cut by 75 per cent.

NSW coal-industry capacity utilisation also dropped sharply, from 91 per cent in 1984-85 to 83 per cent in 1985-86.

The study shows that the value of a tonne of NSW high-grade coking coal has dropped from an average \$52.25 nine years ago to \$34.80 now. The total average price for NSW coal has dropped from \$42 to \$27 over the same period.

The NSW Coal Association and its big brother, the Australian Coal Association, are planning a

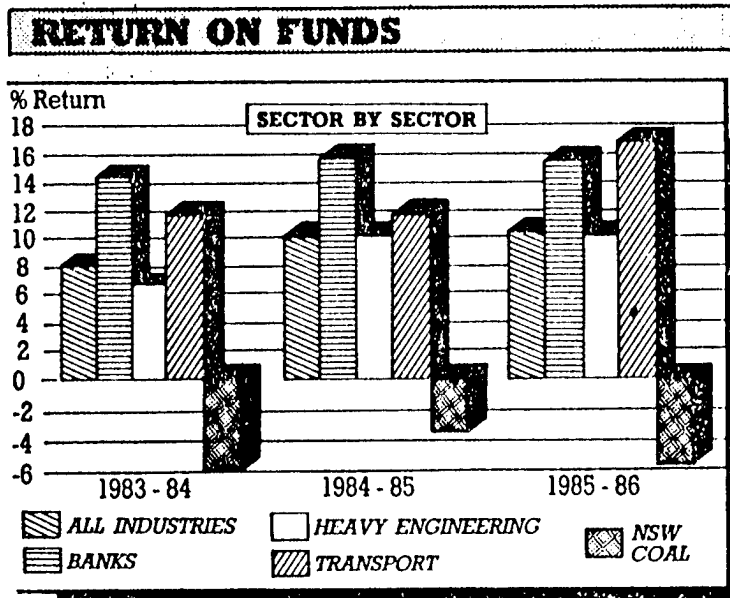
two-pronged attack on what they see as the cost-price squeeze: they are taking on the unions over last year's Coal Industry Tribunal pay increase of 8 per cent, which was subject to a period of industrial peace. The ACA says this has not happened, and is looking for reductions in government charges.

Taxes and government services paid for by the NSW coal industry amounted to 25.4 per cent of overall costs in 1985-86, almost equalling the 26.8 per cent taken by labour charges.

The union challenge happened on Thursday. It took the unions by surprise but opened up the possibility of industrial conflict. The charges issue is being handled delicately because of the current talks.

With an election due later this year, the NSW Government is anxious to use rail freights to subsidise public railways. The producers want a per-tonne freight reduction.

The NSW Coal Association today will call for a 15 per cent cut in rail and port charges and elimination of the "super royalty" of up to \$2.35 a tonne. NSW producers paid an average of \$1.97 a tonne in royalties to the State in 1985-86 compared with \$1.78 in 1984-85.



### NSW Coal Losses

	1984-85	1985-86
Net profit	167.48	192
Extra losses	18.84	181
Bottom line	73.43	69

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CSO: 4200/407

NATIONAL BANK URGES ORE, COAL EXPORTERS BOOST EFFICIENCY

Sydney THE SYDNEY MORNING HERALD in English 17 Feb 87 p 21

[Article by Peter Freeman]

[Text]

There is increasing concern about longer-term problems surrounding the demand for Australia's iron ore and coal exports, according to the National Australia Bank.

To counter the adverse consequences of lower demand and increased world supply for both exports the Australian mining industry needs to boost its efficiency and ensure it is a reliable supplier.

The National, commenting in its latest *Monthly Summary*, says the action needed to achieve this goal includes a lowering of State government rail freight rates and port charges as well as an easing of business tax levels.

Other actions advocated by the National include further wage restraint, improvement in the efficiency of extraction and delivery systems and greater use of sea-bound bulk carriers.

The bank notes that coal and iron ore together contribute about a quarter of Australia's total export receipts, with Japan being by far the largest customer, accounting

for about 47 per cent of Australia's coal and 60 per cent of iron ore receipts.

However, the rapid appreciation of the yen seriously is affecting Japanese industry with annual steel output headed towards 80 million tonnes compared with 103 million in the 1985 financial year — a development which is hitting both iron ore and coking coal exports.

At the same time, Japanese electricity consumption has been curtailed, with the result that steaming coal imports are set to be cut back by about 18 per cent.

"Australia, as the biggest supplier, is likely to face the largest reduction," the bank says.

It adds that the impact of this slide in Japanese demand is being seriously aggravated by new sources of supply, including coal exports from China, Kalimantan in Indonesia and South Africa.

All these developments mean that the Australian coal and iron ore industries need to capitalise better on some of their comparative cost advantages by further boosting efficiency, with an important factor being reduced government charges.

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CSO: 4200/407

BANGLADESH INTERESTED IN IPTN AIRCRAFT

Jakarta KOMPAS in Indonesian 16 Jan 87 p 12

[Excerpts] Bangladesh is interested in buying two Super Puma helicopters and four NC-212s from Nusantara Aircraft Industrial Company (IPTN), the manufacturer. This interest was first expressed in 1985, but no purchase has been made because of a problem with payments.

Eng Paramajuda, IPTN's commercial director, explained the situation to a KOMPAS reporter while President Hussain Muhammad Ershad of Bangladesh was trying out the seat of a Super Puma helicopter being assembled at the aircraft plant. The president visited the plant on Thursday and was accompanied by Emil Salim, the minister for population and environment. Earlier, West Java Governor Yogie, SM and other key regional officials welcomed President Ershad at the ladder of an F-28 Pelita aircraft at Husein Sastranegara airport.

Minister of Research and Technology B.J. Habibie confirmed that an interest in purchasing the aircraft exists, saying, "President Ershad is interested in the Super Puma for use as a presidential helicopter, in the NC-212 and CN-235, and also in the NBO-105 helicopter. Bangladesh definitely is interested in buying but has a problem with the payments."

Paramajuda said that IPTN has contacted the Asian Development Bank for assistance but its efforts have not been successful as yet. Suggesting an alternative approach he said, "Possibly one way to help Bangladesh would be to have the payments made through a trading house."

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CSO: 4213/49



INDONESIA

OFFICIAL VISIT OF NETHERLANDS AIR FORCE CHIEF

Jakarta HARIAN UMUM AB in Indonesian 13 Jan 87 p 1

[Text] Vice Marshal Oetomo, chief of staff of the Indonesian Air Force, received a courtesy visit from Lieutenant General Fred de Yong, chief of staff of the Royal Netherlands Air Force, at Air Force headquarters on Monday.

Lt Gen de Yong was welcomed with military honors on his arrival at Air Force headquarters. The two chiefs of staff exchanged information during their meeting and the meeting ended with an exchange of gifts.

Lt Gen de Yong arrived in Jakarta on Saturday as the official guest of the Indonesian Air Force. He was accompanied by his wife, by Air Commodore Schulte, deputy director for management and planning of the Material Directorate, Royal Netherlands Air Force, and by Colonel Maas, director of personnel.

The general and his entourage will be in Indonesia through 20 January 1987. While here they plan to make courtesy calls on several military and civilian officials, including the commander of the Indonesian armed forces and the minister of research and technology.

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DEREGULATION OF ECONOMY TO CONTINUE

Jakarta KOMPAS in Indonesian 19 Jan 87 p 1

[Text] The process of deregulating and debureaucratizing the Indonesian economy is not ending, and while the process continues all entrepreneurs and the institutions that support them must possess the ability to adjust to these new conditions so the benefits of their activities can be quickly realized.

"Everything must move quickly," Finance Minister Radius Prawiro told reporters in Jakarta on Saturday. He spoke to reporters after inaugurating H. Omar Abdalla to a new term as executive director of Bank Bumi Daya. H. Mas Widarsadipradja was inaugurated as executive director of Bank Dagang Negara and R. Moh. Samadikun Hardjodarsono and Sutono Sudirjo were inaugurated as directors of Bank Bumi Daya. Radius also dedicated a new building for Bank Dagang Negara the same day.

The minister said that the objective of the government in following the path of deregulation and debureaucratization is to make the Indonesian economy more efficient. A number of policies have been established to this end, beginning with the deregulation of banking policy of 1 June 1983. This was followed by Presidential Instruction No 4 of 1985, the 6 May 1986 packet, the 25 October 1986 packet and, most recently, the 15 January 1987 packet.

In continuing the deregulation and debureaucratization process the government is also studying all types of costs to determine where they can be cut or eliminated, and this refutes the charge that the government is not thorough in its actions. The charge has been made in connection with the 15 January 1987 packet, which affects only a few commodities although there are many commodities that have problems.

"For example, cargo handling costs at ports can be cut by using Presidential Instruction 4 of 1985. And from there we look at another sector and see that there are many things in disorder and again take action. In the case of the 15 January packet we had to discuss it first at the lower levels, discuss it with all types of businessmen, so that when the packet came out everyone would be ready to implement it," he said.

## Make Adjustments

In his remarks at the inauguration ceremony for the four government bank officials, Radius said that it is expected that deregulation and debureaucratization will enable the Indonesian economy to move more rapidly and to make more progress. The condition for achieving these objectives is that all entrepreneurs and institutions that engage in economic activities must be able to make adjustments, he said.

Asked by reporters about the meaning of this statement, Radius explained that there are many parties who are involved in economic activities. Outside the sphere of government there is the business world and such supporting institutions as the banking sector, the transportation sector, etcetera. "They must engage in self-examination to determine if an obstructive bureaucracy also exists in their sphere," he said.

Taking banking practices as an example, he asked if a lengthy credit approval process is necessary when the credit is to be used for nonoil exports and the businessman is well-known and able to meet the quality standards of foreign markets. He said that it is not fair to treat this businessman in the same way as a new businessman of unknown reputation.

Self-examination must also be practiced in the business world. The fact is that many big businessmen are becoming entangled in bureaucratic procedures because of the scale of their enterprises. "They must simplify so that things can move more smoothly. Experts can be asked to look at the situation, if necessary," he said.

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CSO: 4213/49

DEPARTMENT OF FORESTRY REVOKES CONCESSIONS

Jakarta KOMPAS in Indonesian 17 Jan 87 pp 1, 8

[Text] Forestry Minister Soedjarwo has stated that the Department of Forestry, after considering the possibility of revoking the licenses of 200 recipients of forest concessions (HPH), has officially revoked the licenses held by almost 25 percent of these recipients. The minister made the statement in response to a question from a reporter at the Manggala Wanabakti building on Thursday morning after receiving the executive officers of the Indonesian Forestry Association (MPI). The MPI executives reported to the minister on the results achieved at the organization's national working meeting on 9 December.

The minister was not certain of the exact number of revocation notices he had signed, but said it was not more than 50. They all protested just one month after I signed the revocation orders," he added.

Last year the Department of Forestry reviewed the amount of logging being done by some 200 HPH licensees. Authority to revoke HPH licenses is contained in Directive of the Minister of Forestry No 291/Kpts/II/1986, which deals with the procedure for revoking forest concessions. The directive states that concessions can be revoked without prior warning if they have not been worked for 2 consecutive years.

The minister said that the land areas covered by the revoked concessions will be returned to the state and then transferred to state enterprises that engage in forestry operations or to persons with the capital to work these areas.

Of the some 589 recipients of HPH licenses, there are only about 394 who remain active and many of them are operating below capacity. The logging industry grew rapidly from 1970 to 1980, reaching a peak in 1978/79 when 26.5 million cubic meters of wood were produced. The forestry agreements state that HPH licensees are to develop wood processing industries, and the licensees should have observed this stipulation.

After log exports were prohibited the situation of those HPH licensees who had not developed wood processing industries became increasingly difficult. Sometimes the production cost of logs was higher than their selling price, and it became harder to market logs. Many of the HPH licensees collapsed under the pressure of these conditions. A large quantity of logging equipment has been abandoned or is not being maintained, and it is difficult for companies to obtain new loans from banks because of their poor ratings.

5458/12951

CSO: 4213/49

BULOG TO BUY ALL AVAILABLE RICE WITHOUT GOVERNMENT SUBSIDY

Jakarta KOMPAS in Indonesian 14 Jan 87 p 1

[Text] The head of the National Logistics Agency (Bulog) has stated that Bulog will buy all husked and unhusked rice that farmers sell through village-unit cooperatives (KUDs) or other outlets, even though the government is not supplying funds for food stocks in the 1987/88 fiscal year.

Bustanil Arifin, SH, the chief of Bulog, made the statement on Tuesday at the presidential residence on Jalan Cendana after reporting to the president. He said this is being done "because it is Bulog's duty to stabilize prices."

He also said that Bulog did not use the 417.4 billion rupiah that was allocated last year as a subsidy for food stocks. All of the funds that Bulog needs are obtained from credit, and Bulog pays the interest charges. "Bulog is healthy now," he affirmed.

He added that Bulog is seen as a giant and very healthy enterprise from any point of view, whether domestic or foreign or that of the public sector or private sector. It is not being subsidized but it is able to carry out its duties successfully, with no profits and no losses.

The important thing, he said, is that the Department of Finance pays the interest charges on the 1 million ton reserve and the 1.5 million ton surplus reserve. As long as these charges are paid Bulog will not be in trouble, even though it is not subsidized by the government. "However if the interest charges and maintenance costs are not paid then Bulog will be in trouble," he said.

He admitted that Bulog will face some problems when it purchases the husked and unhusked rice this year because this rice, like the rice purchased in the last few years, is the high-yield pest-resistant variety and special post-harvest equipment is needed particularly in the rainy season. "But there is no need to worry and it will all be purchased," he said.

When President Suharto presented the 1987/88 draft budget to Parliament on 6 January last he announced that the allocation to finance food stocks had been eliminated from the budget in order to reduce routine expenditures.

5458/12951

CSO: 4213/49

## SHORTFALL IN OMBILIN COAL PRODUCTION

Jakarta MERDEKA in Indonesian 20 Jan 87 p 8

[Text] The Ombilin coal mine in Sawahlunto failed to reach its production target in 1986, the first time in 4 years the target has not been achieved. The board of directors of the State Coal Mine Corporation (Perum Tambang Batubara) set the 1986 production target of the Ombilin mining unit at 775,000 tons. Actual production was 710,000 tons, or 91.62 percent of the targeted figure.

Eng Achmad Prijono, the corporation's executive director, told reporters in Sawahlunto at the end of last week that hte production target was not reached because many problems, obstacles and challenges were encountered in 1986.

He said that heavy rainfall interfered with the operation of heavy equipment at the sawah Rasau V strip mine. More than 80 percent of the coal produced by Ombilin is taken from strip mines.

Work in the field also was delayed by the complicated procedure that is followed in obtaining permission to bring in explosives. Explosives are needed for both strip mining and underground mining.

Often the coal bed will have an earth and rock overburden that is quite deep, sometimes as much as 100 meters. This also delays the extraction of coal.

In the case of underground mining operations, modern mechanized equipment imported from Britain is being used but delays are still encountered when fractures are found in the coal seam.

A fractured coal seam often angles upward or downward instead of running in a horizontal plane. This delays the work because the mechanical equipment is designed to work on horizontal seams.

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CSO: 4213/49

LEADERS CITE PEOPLE'S FEAR OF SELF-EXPRESSION

Jakarta MINGGU MERDEKA in Indonesian 11 Jan 87 pp 1, 9

[Text] A climate of freedom now exists in society and the people should be free to think and, within the limits of propriety, to express their thoughts. But such is not the case. At the present time our people are gripped by fear, are afraid to speak of the realities that exist in society.

Dr Suhardiman, SE, the general chairman of the Indonesian Independent Workers Organization (SOKSI), says that this feeling, if it does exist, can be attributed to several factors.

The first factor is the existence of traumatic feelings about past occurrences. Another factor is that the spirit of struggle in the upper and middle classes is showing a tendency to decline. They have become less honest and forthright, and are afraid to accept the risks of struggle. "They only look out for their own security, for their own position or interests, or for group interests," he stated.

If this feeling is to be eliminated there must be a change in the climate and atmosphere. The atmosphere must be one that creates inner tranquility and encourages public enthusiasm. This can be done through the process and the art of using the mechanism of leadership to unite the three basic conduits of bureaucracy, security and democracy and so produce a dynamic channel. "The driver of the carriage must know when to tighten the horse's reins and when they must be loosened," he said.

Surhardiman said that if the reins of democracy are loosened now it could result in anarchy, and if too much emphasis is placed on security then the people will be gripped by feelings of fear.

Sensitivity to each development that affects the hopes and aspirations of a society that wants values to improve often produces feelings like this. But it is all part of a process, and this process must lead to the growth and crystalization of new and more advanced values, he said.

With regard to the differences that exist among decision makers in their perceptions of various matters, including present conditions and situations, he said that this is symptomatic of the positions they occupy. It is caused by

the fact that they have different spheres and interests. And there are also conflicts of ideas. "These must be neutralized so that physical conflict does not occur. And to do this the state apparatus and other mechanisms must be coordinated and synchronized. The approach must be multidimensional and not sectoral," Suhardiman said.

#### Freedom of Opinion

Eng Saleh Chalid, general chairman of the executive committee of the Muslim University Students Association (HMI), says that the freedom to express opinions and to voice constructive criticism does exist within certain limits. At the present time people seem to be losing the courage to take risks, and "this tendency reflects a lack of conviction among the people about the purpose of the struggle," he said. He added that this tendency exists among people outside the bureaucracy. "They do not want to oppose any decisions from above. They do not want to take risks. In general, they do not want to lose the things they have received. They want more, not less," he said.

Behind all of this is an atmosphere of mutual suspicion that is symptomatic of the situation. Insecurity no longer stems from a lack of due process of law but has become part of our thought and behavioral patterns and our culture, he said.

"I am convinced that President Suharto does not desire an atmosphere of this sort. This is overimprovisation on the part of his assistants," Saleh stated matter-of-factly.

He said that the present situation causes great concern. The public is uneasy about its problems but is reluctant to confront Parliament, for example, with them. "The university students are not active, and the mass organizations of young people have affiliated with the establishment," he said. And while it can be said that adequate progress is being made in economic development, this progress must be balanced by an increase in political development. This can be done by increasing the level of public participation in politics, but the process requires an atmosphere of mutual openness.

Nico Daryanto, the secretary general of the central executive committee of the Indonesian Democratic Party (PDI), in brief comments to a MINGGU MERDEKA porter said that he had not noticed any apprehension on the part of the public regarding the present situation. He feels that the present atmosphere is one of security and political stability. There is a great need for such an atmosphere, he said, particularly with a general election approaching.

"Yes, people can speak out but they can't say anything they want to, for that's the way it is," he said. "I agree with President Suharto's statement that the achievement of national stability means that security and vigilance must be continuously increased, but social creativity and dynamics must not be killed off in the process," he added.

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LOCAL ECONOMIC RELATIONSHIPS WITH SRV EXAMINED

SRV-Aided Forestry Seminar

Vientiane KHAOSAN PATHET LAO in Lao 14 Jan 87 p A2

[Article: "The 8th Forestry Protection Seminar Is Closed"]

[Text] The 8th forest protection cadres' held a closing ceremony in Vientiane Capital on 10 January after 3 months of study which included theory and practice teaching assistance from the SRV.

The school has conducted 8 training courses for cadres involving a total of 1059 cadres. At the 8th seminar there were 117 cadres of which 19 were women and they came from different provinces nationwide. They were taught four basic forestry subjects: forest economic management, forest protection, statistics, and planning and finance.

Honored participants at the ceremony were Mr Kham-Ouan Boupha, first vice minister of Agriculture, Forestry Irrigation and Cooperatives, along with chiefs and assistant chiefs of the departments and work sections subordinate to the ministry. Representatives from the Office of the SRV Economic Attache in Laos and Vietnamese experts who helped to teach the course also attended.

Xieng-Khouang-SRV Twin Province

Vientiane KHAOSAN PATHET LAO in Lao 13 Jan 86 p A8

[Text] Construction of the new senior high school in Xieng Khouang Province which began in early 1983, was completed at the end of 1986. It was officially handed over in early January of this year. Funding for the high school was provided by its twin province of Nghe Tinh of the SRV and assistance was provided by Construction Company No 2 of the SRV Construction Ministry.

This newly completed senior high school consists of a classroom building, a dormitory for teachers and students, and a club. Mr Somthong Mangnomek, a member of the provincial party standing committee and a member of the administrative committee of Xieng Khouang Province, made a speech accepting the school on the Lao side. On the Vietnamese side Mr Le The, assistant chairman of the administrative committee in Nghe Tinh Province, made a speech transferring

the school. Also present were Mr Yong Yia Ya, assistant secretary of the provincial party committee and also chairman of the Xieng Khouang administrative committee, the chiefs of the work sections concerned, the board of directors of Construction Company No 2 of the SRV, and teachers and students. Over 1,000 people participated.

#### Luang Prabang Trade With SRV

Vientiane KHAOSAN PATHET LAO in Lao 22 Jan 87 p A5

[Text] Trade and exchange between the government and the people in various districts in Luang Prabang Province expanded in 1986 when compared with last years' figures. In Pakseng District alone the total value of imports was 42 million kip. Besides obtaining goods from the province and nearby districts, they also obtained many kinds of goods from their twin province, Ha Son Binh, of the SRV. "In addition to cash sales, they also made exchanges for a great many forest products with the people, including over 6 tons of cardamom, over 5 tons of white sesame seeds, red stick lac, and animal bones. After 1 year of trade the total production of goods increased to 14 million kip, of which over 5 million kip was put into the government budget.

Ngoi District in Luang Prabang Province has also carried out trade work diligently. Throughout 1986 the total export value was over 50 million kip, including 5 million kip worth of goods sent to various trade co-ops.

Along with the distribution of goods to consumers throughout the district, trade also involved the purchase of over 22 million kip of forest products from the people, including 8 tons of cardamom, 4 tons of white sesame seeds, 1 ton of red stick lac, and a number of other products. At the same time, the district's food section was also able to exchange over 200 tons of rice with the people. In Oudomsai District in particular, the food section was able to purchase and exchange a total of 1,110 tons from the people, and took an important part in extensively boosting the people's production.

#### State-Private Plants, Ties With SRV

Vientiane VIENTIANE MAI in Lao 22 Jan 87 pp 2, 4

["Our Capital" Column by Sengsouli Sonsoulin: "Industry, Handicrafts and Forestry for Vientiane Capital in 1986"]

[Excerpts] Throughout Vientiane Capital there presently are 30 industrial bases of which 22 are government factories, 2 are textile handicrafts collective co-ops, and 6 are state-private partnerships. These industrial bases are operating normally and efficiently. These enterprises have converted to the new economic accountability and socialist business mechanism. There has been improvement at many factories in both materials and techniques, and they have expanded their production in terms of quality and quantity. Besides improving old factories, we have also carried out cooperative projects to construct additional new factories and made an all-out effort to convert them to businesses. Throughout 1986 Vientiane Capital has been able to carry out cooperative projects with its twin capital of Hanoi and Ho Chi Minh City.

They included a wire production project in the agricultural tool factory, glass production in the plastic products plant, ceramics in the Vientiane pottery factory and the caustic soda factory in Kok Sa-at, and a salt evaporator and CO<sub>2</sub> production plant in the Lao Vieng distillery factory. A project to build a plant for producing 2,500 tons of sugar has been continued with a loan from the World Bank.

When compared with 1985, 1986 new construction in Vientiane capital was basically finished and test production completed in each period. Some new merchandise from the factories was shown in the Morning Market during the That Louang festival. Many of Vientiane Capitals products are used to meet local demand but they are also sent to various provinces.

At the same time handicrafts have been revived and extensively promoted, such as both collective and family produced handicrafts. This has enabled production of many kinds of products to meet demand both at home and for export abroad. For example, the Phon Tong embroidery co-op is an efficient and modern co-op with modern techniques for organizing production, and there are production contracts with 700 families. At the same time, forestry in Vientiane Capital has also been carefully improved through the use of many measures which decrease the hill farming areas. Forest conservation, reforestation and tree-cutting have gradually become systematic. Last year throughout Vientiane Capital 17,226,934 cubic meters of wood was cut down, which was 226,934 cubic meters over the expected plan, and 9,570,787 cubic meters of timber was cut and made into lumber. Of this amount 1,743,183 cubic meters were red hardwood logs, 110,758 cubic meters were red hardwood branches, and 518,716 cubic meters were of lumber from short branches.

#### Hanoi Trade Delegation Leaves

Vientiane VIENTIANE MAI in Lao 19 Jan 87 pp 1, 4

[Text] On the evening of 16 January 1987 at the Office of the Vientiane Capital Administrative Committee Mr Sithon Sibounheung, a member of the party standing committee and also the chief of the Committee for Economic and Cultural Cooperation of Vientiane Capital, welcomed the farewell visit of Mr Bach Ngoc Tuan, a Hanoi trade expert, following the completion of his 6-month specialized task to provide assistance to train cadres in trade management for Vientiane Capital.

On this farewell visit Mr Bach Ngoc Tuan expressed gratitude toward the party committee and the administrative committee for facilitating the accomplishment of this specialized task of training trade management cadres for Vientiane Capital, and completing it with a glorious success. On this same occasion Mr Sithon Sibounheung also expressed his gratitude to Mr Bach Ngoc Tuan for his attention which resulted in a successful cooperation project between the two capitals. He also expressed the wish that friendship between Vientiane and Hanoi capitals be forever strong, and he wished Mr Bach Ngoc Tuan a safe trip home to his country.

## Public Health Cooperation

Vientiane VIENTIANE MAI in Lao 20 Jan 87 pp 1, 4

[Text] On 16 January 1987 at the Office of the Vientiane Capital Administrative Committee, Mr Sithon Sibounheung, a member of the party standing committee, vice minister, and also chief of the Committee for Economic and Cultural Cooperation, welcomed for a farewell visit Dr Dinh Van Boi, a public health expert from Hanoi Capital, who after 3 months has completed his assistance in hospital management for Vientiane Capital.

In their conversation both discussed past and future cooperative public health projects between the two capitals. They also expressed the wish that the friendship and cooperation between the two capitals continue to be forever strong. At the conclusion, Mr Sithon Sibounheung wished Mr Dinh Van Boi a safe trip back to his country, and expressed the wish that the friendship and all-round cooperation between Laos and Vietnam be a continued and fruitful success.

## Agreement On Factory Signed

Vientiane VIENTIANE MAI in Lao 20 Jan 87 pp 1, 4

[Text] On the evening of 11 January a ceremony was held at the paper production factory, under the jurisdiction of the industry and handicrafts section, in Vientiane Capital to sign a memorandum between the representatives of the paper production factory here and the paper production factory in Truc Bach, Hanoi. Mr Sounphachan, chief of the board of directors of the Vientiane Paper Production Factory represented the Lao side, while Mr Nguyen Van Kim, the chief of the Truc Bach Paper Production Factory, represented the Hanoi side.

The ceremony was held attended by Mr Sithon Sibounheung, member of the party standing committee, vice minister, and also chief of the Committee for Economic and Cultural Cooperation in Vientiane; Mr Tran Ngoc Loung, the SRV economic and cultural advisor to Laos; Mr Nguyen Ngon who represented the Committee for Cooperation of Hanoi Capital in Vientiane Capital, and a number of high-level Lao cadres.

The memorandum stated that both sides are united to assist and supply the necessary materials, equipment and machinery for the Vientiane Paper Production Factory so that it can carry out its production to serve the masses comprehensively, and raise its capacity to produce assorted paper products to 1,000 tons per year.

## SRV Paper Plant Aid

Vientiane VIENTIANE MAI in Lao 21 Jan 87 pp 1, 4

[Text] On the evening of 19 January, at the office of the Vientiane Capital Administrative Committee, Mr Sithon Sibounheung, regular member of the party standing committee, viceminister and chief of the Committee

for Economic and Cultural Cooperation of Vientiane Capital, welcomed a visit by the Truc Bach Paper Plant delegation from Hanoi City. The delegation was led by Mr Nguyen Van Kim, chief of the board of directors of the Truc Bach Paper Plant, and included members of his team.

During the course of the friendly conversation between the host and the guests, both men made note of the all-round cooperation and assistance between Laos and Vietnam, and particularly the successful cooperation between the two capitals of Vientiane and Hanoi on various cooperative projects of the past and for the future. During the occasion Mr Sithon Siounheung also expressed gratitude to the delegation for assist and in the successful installation of the machinery and equipment for the Vientiane Capital paper plant as planned.

#### Hanoi Statistics, Planning Delegation

Vientiane VIENTIANE MAI in Lao 12 Jan 87 pp 1, 4

[Text] On the evening of 9 January 1987 Mr Sithon Sibounheung, member of the party standing committee and chief of the Vientiane Capital Committee for Economic and Cultural Cooperation, hosted Mr Nguyen Dinh Dong's farewell visit. Mr Dong is a statistics and planning expert from Hanoi. The meeting was held at the office of the Vientiane Capital Administrative Committee to honor Mr Dong following the completion of his internationalist training for the past 9 months of statistics and planning cadres.

During the visit Mr Sithon Sibounheung expressed his joy and gratitude to Mr Nguyen Dinh Dong for his successful help in training Lao statistics and planning cadres according to schedule. He also emphasized the close relationship and all-round cooperation that has long existed between Laos and Vietnam, and that will continue forever.

At the end Mr Sithon also expressed the wish that the special militant solidarity between Laos and Vietnam remain strong, and that Mr Nguyen Dinh Dong have a safe trip back to his country.

#### Hanoi Agriculture, Cooperative Delegation

Vientiane VIENTIANE MAI in Lao 10 Jan 87 pp 1, 4

[Text] On the evening of 9 January 1987 Mr Sithon Sibounheung, member of the party standing committee and chief of the Vientiane Capital Committee for Economic and Cultural Cooperation, hosted Mr Nguyen Quang Lien's farewell visit. The meeting was held at the office of the Vientiane Capital Administrative Committee to honor Mr Lien, an agriculture and agricultural co-op expert from Hanoi, following the completion of his 6 month internationalist duty in Vientiane Capital.

During this visit Mr Nguyen Quang Lien expressed his joy and pride that the party committee and the Vientiane Capital Administrative Committee had provided the facility for him to carry out his assignment successfully.

Later, Mr Sithon also expressed gratitude to Mr Nguyen Quang Lien for his assistance in training Lao cadres in Vientiane Capital according to the jointly plan signed.

He also expressed the wish that his guest have a safe trip back to his country and that the friendship and all-round cooperation between Laos and Vientiane continue to bear fruit.

#### Ho Chi Minh City Artisan Experts

Vientiane VIENTIANE MAI in Lao 15 Jan 87 pp 1, 4

[Text] On the evening of 14 January 1987 Mr Thongmani Thiphommachan, party central committee member of the LPRP and assistant chairman of the Vientiane administrative committee, hosted a visit by Mr Tran Thien Tu assistant chief of the Ho Chi Minh City Handicrafts Association, along with his team. The meeting was held at the office of the Vientiane Capital Administrative Committee. During the visit Mr Tu discussed his visit to Vientiane Capital, pointing out the conference's success concerning the surveying of the site for the acetylene construction project for the agricultural tool factory, alum for the Kok Sa-at salt evaporation plant, and ammonia for the ice factory. Construction on these projects will begin in May 1987. At this time Mr Thongmani Thiphommachan praised the cooperation of Ho Chi Minh City with Vientiane Capital regarding many things in the past, and especially these construction project which thus far have been carried out with glorious success. In the end he expressed the wish that the friendship between Vientiane and Ho Chi Minh City and also their cooperation remain forever strong. The delegation visited Vientiane Capital for 1 week and returns to their country today.

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LAOS

BRIEFS

VIENTIANE DISTRICT TAX COLLECTION--Since the beginning of January 1986 to the end of December, 18 cadres in the revenue section in Saisettha District, Vientiane Capital, were able to collect a total of over 22 million kip in different taxes, which was 27.35 percent over that for 1986 [as published] and 48.45 percent over that for 1985. [Excerpts] [Vientiane VIENTIANE MAI in Lao 15 Jan 87 p 1] 9884

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CSO: 4206/74

## FORESTRY SECTOR POSTS EARNINGS OF \$4.2 BILLION

Kuala Lumpur BUSINESS TIMES in English 21 Feb 87 p 1

[Article by Hardev Kaur]

[Text]

THE forestry sector emerged the largest foreign exchange earner among the non-oil commodities last year. Preliminary figures show that it earned the country \$4.2 billion overtaking palm oil and palm oil products, the star performer in 1985.

Palm oil, whose price fell last year to as low as \$400 a tonne on the Kuala Lumpur Commodity Exchange, was in second place with earnings of about \$3.4 billion and rubber third with \$3.2 billion. Tin, which seems to have lost its shine in recent years, is estimated to have earned about \$600 million.

This is the first time that timber has emerged as the largest foreign exchange earner among non-oil commodities. The previous major foreign exchange earner, natural rubber, was replaced by palm oil earlier. Oil is expected to remain the country's largest foreign exchange earner for last year.

In 1985 palm oil and palm oil products was the largest non-oil foreign exchange earner for the country contributing about \$4.81 billion or 12.6 per cent of the total export earnings followed by forestry and timber products at about \$4.61 billion or 10.9 per cent, rubber at \$2.87 billion or 7.5 per cent and tin at \$1.65 billion or 4.3 per cent of total export earnings.

Primary Industries Minister Datuk Dr Lim Keng Yalk told Business Times that even though the timber sector performed better than the other non-oil commodities some 68 per cent of the earnings or about \$2.8 billion was from logs. If the industry had ventured into greater processing and exporting value added products the earnings could have been much higher, Datuk Dr Lim added.

Exports of furniture, which is value added, only earned the country some \$22 million last year. While there are some 2,000 furniture manufacturing operations in the country only 14 are export oriented.

This is a disgrace especially when it is noted that Taiwan, which is not a timber producer, exports furniture valued at US\$1 billion to the US market annually. It has achieved this at the expense of timber producers like Malaysia.

One way could be the establishment of a furniture research institute to help upgrade the quality of local furniture. Local businessmen should move into greater processing of primary commodities and seek out the markets.

Datuk Dr Lim said while the Government can help them in identifying the markets the businessmen must through their own concerted efforts make

their presence felt in the major markets such as the US.

The US imports about US\$10 billion of furniture each year but Malaysians have yet to make their mark there despite Malaysia being a major timber producing country. There has also been improved demand for the commodity from Britain.

The improved performance of the timber sector has been due mainly to the general improvement in timber prices which have been sustained so far this year.

The prices of timber have maintained their upward movement into the early part of this year. According to the Malaysian Timber Industry Board (MTIB), in the first nine months of last year the fob value of timber exports to major markets registered an increase of 18.6 per cent while volume increased by about 5 per cent.

The improvement in housing starts in the US has also helped generate increased demand and improved prices of the commodity.

The forestry and timber sector in Malaysia will continue to play an important role in the economic development of the country. Its contribution to the country's export earnings reached a peak in 1982 of \$4.72 billion but fell to \$4.39 billion in 1983.

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CSO: 4200/400



## MORE STATES TO ENFORCE MUSLIM FAMILY LAW

Kuala Lumpur NEW STRAITS TIMES in English 18 Feb 87 p 6

[Text]

KUALA LUMPUR, Mon. — At least four more States — Negri Sembilan, Johore, Perak and Penang — are expected to enforce the Muslim Family Law this year.

The law is already in force in Kelantan, Kedah and Malacca.

In Negri Sembilan, the Religious Affairs Department is making preparations to ensure that the enforcement of the law proceeds smoothly.

A spokesman for the department said today that among the measures being taken were the recruitment and training of officers and staff.

The department had also sent several officers for a diploma course in Islamic law at the International Islamic University last year.

The spokesman said a course was also organised for court officials and staff late last year.

Plans are also afoot to find new premises for the

Syariah courts.

In Johore, the chairman of the State Religious Council, Datuk Yunus Sulaiman, said he was confident that the law could be enforced some time this year.

"We are in the process of making the final preparations for its enforcement.

### Final stages

"Since we already have our own family law, we only have to incorporate the new provisions to the existing enactment."

An official of the Perak Religious Department said it was also in the final stages of preparing to enforce the law.

He said more officers and staff would be recruited.

The Penang Religious Department is also reported to be finalising arrangements to introduce the law.

"We have to study the matter in detail so that we do not make mistakes," an

official of the department said.

Although Selangor and the Federal Territory have approved the law, they are still unsure when it would be enforced.

It is understood that Selangor is adopting a "wait-and-see" attitude on the matter.

A spokesman for the Selangor Religious Affairs Department said it was closely monitoring the implementation of the law by the Federal Territory.

Federal Territory Religious Department officers were tight-lipped about it but it is understood that the matter is still with the Attorney-General's Chambers.

Meanwhile, Pahang is yet to approve the law. However, it is understood that it will be tabled at the next sitting of the State Assembly.

According to sources, the necessary changes to the State Family Law have already been done.

/9317

CSO: 4200/400

## BRIEFS

MAHATHIR CRITICS ATTACKED--Alor Star, Thurs--Supporters of Datuk Musa Hitam and Tengku Razaleigh Hamzah are criticising Datuk Seri Dr Mahathir Mohamad in their campaigning for the party election, Kota Setar division chief Dr Abdul Hadi Derani alleged today. Dr Hadi, who is MP for Kota Setar, said it was unfortunate the Prime Minister had become a target of such attacks. "I am surprised these people had resorted to such means to win in the election," he told reporters after he was returned unopposed as division chairman when nominations closed this afternoon. Dr Hadi said these people included some from his division who had crossed over from the Alor Star division following the delineation of constituencies. He said most of his division's branches supported Dr Mahathir. Dr Hadi was nominated by 61 of the 85 branches in the division. Businessman Syed Mustapha Syed Abdullah, who had earlier indicated he would challenge Dr Hadi, withdrew at the last minute. However, three people--businessman Basharon Hanafiah (incumbent) division youth leader and Assemblyman for Derga Abdul Rahman Ibrahim and businessman Harun Salleh--will contest the deputy chairman's post. Former Assemblyman for Langgar Said Yassin is defending his vice-chairman's post against division treasurer Dr Wan Ahmad Datuk Wan Anuar and Encik Harun. [Text] [Penang THE STAR in English 20 Feb 87 p 2] /9317

CSO: 4200/400

TJIBAOU DEPLORES FRENCH MILITARY PRESSURE

Melbourne THE AGE in English 10 Feb 87 p 7

[Article by Mark Baker]

[Text]

CANBERRA. — The leader of the Kanak independence movement in New Caledonia has accused the French Government of deploying military forces in the territory to "break" the movement.

The president of the coalition FLNKS, Mr Jean-Marie Tjibaou, said thousands of troops and police had been sent to rural areas ahead of the July referendum on New Caledonia's future.

"They are preparing the gendarmes and the army to limit the movement of Kanaks. It's part of the psychological preparation for the referendum," Mr Tjibaou said in a recent interview in Noumea.

"It's a show of strength. They are saying that if there is any problem they will come to break the Kanaks."

### Independence

The population of New Caledonia will be asked to choose between independence and a form of greater regional autonomy within the French Republic.

The Kanaks, reduced to a minority of about 43 per cent of the population by recent immigration, have already

announced a boycott of the poll, which they cannot win.

FLNKS is waiting to see the final text of the legislation, due to go before the French Parliament in April, before detailing the form of its opposition.

But Mr Tjibaou agreed there was a danger of a return to the violence which swept the territory two years ago. "I do not wish it. But there is a risk," he said.

The conservative Chirac Government in Paris, which is taking an increasingly tough line towards the FLNKS, has been seeking to woo moderate Kanaks away from FLNKS and promote participation in the referendum.

Mr Tjibaou said the military, paramilitary forces and right-wing militia were intent on intimidating people in rural areas.

France has maintained a force of about 6000 soldiers and police in New Caledonia during the past two years — about double the deployment before the violence began in late 1984.

Mr Tjibaou claimed the increased military activity was part of a broader campaign to portray the FLNKS as "just a group of three or four hundred terrorists". The campaign extended also to a boycott on information about the coalition on the Government-controlled radio and television and in the territory's only daily newspaper.

He said that unless the final referendum law was favorable to FLNKS independence claims, the coalition would step up its international campaign against France, particularly within the South Pacific Forum and Asean.

He claimed the Kanaks were already being shut out of the political process, and the regional governments controlled by them were being starved of funds.

LENA SAVVOPOULOU reports from Noumea that the French Minister for Overseas Territories, Mr Bernard Pons, confirmed yesterday that the French military presence would be increased for the referendum. Mr Pons was to return to Paris yesterday after a one-week visit to New Caledonia.

/9317

CSO: 4200/398

# KANAK LEADERS FEAR 'SECOND ALGERIA'

Kuala Lumpur NEW STRAITS TIMES in English 20 Feb 87 p 10

[Article by David Robie]

[Text]

NOUMEA: France has "invaded" Kanak independence strongholds in New Caledonia by deploying elite troops in mobile camps — a strategy claimed by Kanak leaders to be based on French attempts to crush rebels during the Algerian war of independence.

Most of the east coast and northern tip of the main island of Grande Terre now appears to be established in strategic villages known to have strong pro-independence support.

The region is known as Kanaky — the name Kanaks plan to call their country when they secure independence.

France has about 6,000 troops, gendarmes and riot police in the colony, one for every 24 civilians in a population of 145,000. The military claim only about 1,100 "nomad" soldiers on the east coast but during a recent week-long tour of villages in the area I estimated considerably more.

The 8th Marine Infantry Paratrooper Regiment was among the first units deployed in the mobile camps during the past few months. Less than a year ago the regiment intervened against Libyan-backed rebels in Chad and before that it was in Lebanon.

Both the 3rd Marine Infantry Regiment and the 6th Marine Infantry Paratrooper Regiment are currently providing nomad patrols. And off-duty soldiers usually outnumber the tourists on the beaches of Noumea.

"It's just like Algeria all over again — France never learns from its colonial history," said Jean-Jacques Bourdinat, 51, a fourth-generation *caldoche* (settler).

A human rights campaigner and supporter of the Kanak Socialist National Liberation Front (FLNKS), he

had just heard of the occupation of the remote Belep Islands by paratroopers during January in the latest military operation.

"This is crazy. We are in the powder keg of the Pacific and the military carry on as if they are already at war.

"They are determined to crush us; if not by intimidation, then by provocation."

But General Michel Franceschi, commander-in-chief of French forces in New Caledonia, rejected comparisons with Algeria. He said the military had restored law and order and earned respect from Kanaks by providing them with aid and protecting them from attack from heavily armed, white anti-independence vigilantes.

"We could have had a problem with revolution here," he said. "The context here has been a little explosive. What we are doing is a matter of security.

## External enemy

"If we hadn't acted I believe there would have been violence in the tribal areas. We are reassuring the people. It's an old military principle — nothing new."

Gen. Franceschi, a 56-year-old two-star general, took command in New Caledonia three months before the insurrection by Kanaks following the November 1984 election boycott.

At that time, the military took no direct role in law and order apart from guarding key communications and strategic installations and providing transport for squads of *gardes mobiles* (paramilitary police).

In fact, under the French system the military usually can only act

against an external enemy. The task of maintaining law and order is the role of the paramilitary gendarmes and *gardes mobiles*. But the distinction is becoming blurred in New Caledonia.

A change of policy began less than a month after French Prime Minister Jacques Chirac's conservative Government replaced the Socialists in March 1986. As nomad camps were set up in the bush areas, fewer paramilitary police were needed.

The FLNKS claims the strategy to "win the hearts and minds" of the people is a disguise for intimidating Kanak villagers, and for gathering intelligence on local independence leaders and any fresh Kanak campaign tactics.

"Not at all," said Gen. Franceschi. "The army is not political. Political problems are the Government's problems. We are not there to say to the Kanaks, 'You must vote in the referendum'. (A referendum is to be held this year on the territory's future).

"It is merely a matter of security. Our soldiers perform useful tasks locally, like carrying out road works and providing transport.

"Another job of the military in the region is to do humanitarian tasks like the hurricane relief work provided by our soldiers in Wallis and Futuna and the Cook Islands."

Gen. Franceschi claimed there had been few incidents of tension between soldiers and Kanaks, a view that is not shared by villagers I talked to or the FLNKS leadership. Among recent incidents:

- On Sept. 6, 1986, a 17-year-old Kanak youth, Jean-Christophe Poupeyron, was shot and wounded by a lieutenant in the village of Nakety on the east coast. An inquiry was hushed up and the soldier posted back to France without facing any disciplinary action.

- Kanaks in several villages on the east coast have accused soldiers of having entered and searched houses on the pretext of hunting for Kanaks dodging the military draft, or looking for stolen firearms.

- Troops in the Houailou area have been involved in harassment raids. On Jan. 8, a company of 60 *gardes mobile* raided and occupied the agri-

cultural college of Do-neva which belongs to the pro-independence Evangelical Church. Teacher Ismet Kurtovitch was arrested and held for 48 hours before being released.

- On Jan. 16, 104 paratroopers and other soldiers and 20 *gardes mobile* occupied the Belep Islands off the north-western tip of the main island of New Caledonia to "nomadise" the area. The islands are one of the most peaceful parts of New Caledonia with a population of 900, mainly women and children. After bitter protests by Kanak leaders the soldiers were withdrawn a week later.

Military authorities are reluctant to talk to foreign journalists about operations in the bush. However, during October a small group of journalists was given a briefing and taken on tour.

Kanak leaders accuse the military of staging a public relations "whitewash" because the journalists were shepherded away from troubled villages.

## Troubled villages

Almost all Kanaks that I spoke to were anxious about the presence of troops. Several villages have protested or filed petitions against the presence of the soldiers — in vain.

One protest letter signed by several villagers from Ponerihouen said:

"The important activities of the troops include preparing maps of our tracks, showing a pornographic film (in a church in the presence of women, children and elderly people) and spying on us."

Joseph Bouarate, deputy mayor of Hienghene, said: "They claim they are here to help us and respect our traditions — but the soldiers just do what they like." (His grandfather, a great chief, was exiled for seven years for defying French authority).

"France is using the same tactics as in Algeria and Vietnam against us," said FLNKS leader Jean-Marie Tjibaou, "It is provocation all the time. They hope our people will react in a violent manner so they can justify the presence of their troops.

"But," added Mr Tjibaou, who lost two brothers in an ambush by settlers two years, "we will not rise to their bait." — Gemini News

SPA/SUP JOINT STATEMENT WELCOMES NUCLEAR SHIP BAN

Auckland NEW ZEALAND TRIBUNE in English 15 Dec 86 p 9

[Article: "Joint Statement, SPA/SUP; Peace First, Says Pacific Communists"]

[Text]

**A warm welcome for the New Zealand Government's stand of banning visits by nuclear warships was expressed by the Socialist Unity Party of Australia and the Socialist Unity Party of New Zealand in a joint statement.**

The Parties reiterated their 1974 recognition of the struggle for peace as being the foremost task in the world today.

They saw the forced cancellation of the secret agreement entered into by the leaders of the Australian Government and the United States to provide facilities for the testing of US MX missiles in the area as another important success for the peace movement.

The South Pacific Nuclear-Free Zone Treaty is welcomed by the parties. The banning of port visits, overflights or use of facilities by nuclear-armed aircrafts, nuclear tests and dumping will give the Treaty real substance, they say.

The Parties welcome Pacific Island nations' resistance to the use of their territory for military purposes and see the necessity to sustain and build

the peace movements. They welcome the disarmament plan, proposed by the Soviet Union, to eliminate all nuclear weapons by the year 2000.

They note the similar effect of the capitalist crisis on our two countries, leading to greater monopolisation and the use of the scientific and technological revolution to reduce the workforce and increase the rate of exploitation. Deregulation and the handing over to 'market forces' are recognised as giving monopoly increasing power and control over the economy. They agree that the drive for deregulation of the work-force is aimed at ending the award system, leaving each worker at the employer's mercy. Privatisa-

tion of public utilities they say, is designed to strengthen the private sector at the expense of workers. These developments are accompanied by strong attacks on living standards, working conditions and democratic rights.

The Parties agree that the whole objective of these campaigns by the ruling class is to force the working people to carry the economic and social consequences of the capitalist crisis and to deprive those who fight back of the right to do so.

The two parties stand for working-class unity, for building the anti-monopoly struggle and for socialism.

Both vigorously oppose the attacks on working people and will fight together with the people to defeat them.

Both Parties worked for, and welcomed, the defeat of the conservative governments and their replacement by Labour governments and work against the monopoly-created demand for the governments to legislate against trade unions.

Both reject the economic theory that wage levels are responsible for higher prices and unemployment.

The Parties reaffirmed their desire for more frequent exchanges and joint work in the promotion of internationalism and solidarity in the South Pacific area and the entire world.

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CSO: 4200/408

REPORTAGE ON SUP CENTRAL COMMITTEE MEETING 22-23 NOVEMBER 86

Support for National Award System

Auckland NEW ZEALAND TRIBUNE in English 1 Dec 86 p 2

[Editorial: "A Claim for All!"]

[Text]

**THE Central Committee of the SUP meeting over the weekend of November 22-23 underlined the importance for all workers to mobilise around the present struggles to preserve the National Award system, defend union coverage of both state and private-sector unions and to repel the attacks of state monopoly capitalism.**

In a resolution it stated that there is an urgent need to unify the struggles of both state and private-sector unions on their individual but common needs. In this regard the mobilising of the widest possible support for the regional stoppages and the building of support for industry-wide struggles is critical in building the fight-back against monopoly aggression and the Government's free market policies.

The SUP supports the positions taken by the FOL in its call for action and the bottom line claim for the wage round. It also supports the CSU in opposing the reform of state pay fixing and the steps being introduced to privatise state-owned enterprises.

The growing fight by the workers demonstrates the potential for the working class not only to defend their interests but also to turn back the increasing state monopoly domination of all aspects of people's lives all over the country.

The Party must be active in the fight for the defence of workers' needs and rights. This fight requires unifying struggles. There is a specific need for a mobilising struggle around employment, regional development, industry development and making the connection between jobs and peace.



## Quick Nuclear Free Bill Sought

Auckland NEW ZEALAND TRIBUNE in English 1 Dec 86 p 8

[Editorial: "Make it Law!"]

[Text] The recent Central Committee meeting of the Socialist Unity Party again emphasised the importance of the Government passing its nuclear-free legislation as soon as possible.

The longer it is left, the more opportunity the Bill's opponents have to work against it.

In addition, the possibility of a snap election can't be ruled out, and if this should take place the Bill might not be passed at all. The National Party has made it clear that if it returns to office it will re-establish visits by nuclear warships. This is despite the intense opposition to such practices by the overwhelming majority of New Zealanders.

Although legislation won't stop a National government from proceeding,

it will certainly make it much more difficult because it would have to alter the law. This would give ample opportunity for a public campaign to be organised against such changes.

The importance of our nuclear-free policy extends beyond our shores. It has helped to strengthen the world movement for peace in a number of ways.

Its passing into law will have a further beneficial impact. So all who are concerned with the future of our planet have a responsibility to work to see that that law is passed quickly.

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CSO: 4200/408

SUP REJECTS GOVERNMENT PRIVATIZATION POLICY

Auckland NEW ZEALAND TRIBUNE in English 15 Dec 86 p 5

[Article by Pat Shepherd: "A Second Carve-up of Maori Land"]

[Text] The 'Oliver Twist' approach of the new lands and forest corporations appears to have been successful in getting from the Labour Government more of what does not belong to them--Maori land.

Privatisation is the Government's new trend. It is being reflected throughout our society and is directly affecting Maori workers—indeed, all workers and their families. In fact, it is a way of giving the cunning few the right to control taxpayers' assets.

The present Government is hell-bent on privatising all major state-owned enterprises which are in the process of being controlled by groups of individuals on the Round Table. The Round Table is a top-heavy collection of representatives of monopoly who have successfully convinced the Labour Government that privatisation is the correct future path for this country.

Last month the Bishop of Aotearoa was ridiculed on TV by the Prime Minister for mak-

ing a statement on the ever-widening gap between our society's haves and have-nots. However, government moves towards increasing privatisation will further widen the gap.

The Post Office, Electricity Department, Lands and Survey and Forest Service Department along with many former employees are soon to become redundant (on April 1, 1987). The boards of the new corporations which will replace them will be controlled by representatives from the big business Round Table.

At present, the Forest Service and the Lands and Survey Department control more than 13 million hectares throughout the country. Cabinet Ministers have recommended which areas of land should be allocated to which corporation.

The new Land Corporation, the new Conservation Department and the new Forestry Corporation will in essence become private land owners. The land will be neither Crown nor Title and will be treated as Freehold, and the corporations will be in a position to buy and sell the land among themselves.

There will be a second carve-up of Maori land unless Maori workers, their organisations and Maori MPs combine with community and church organisations, the wider trade union movement and the Labour Party to successfully lobby the Government, opposing this new indignity towards the Tangata Whenua.

*Pat Shepherd is a Maori worker.*

**STOP PRESS:**

Since this article was written, pressure from the Waitangi Tribunal has forced a change in the Government's intentions.

The Parliamentary Committee has inserted a new clause into the bill preventing the transfer to the new corporations of any Maori land leased to the Crown and administered by the Minister of Forests. The Minister will, however, still have the power to contract with a state corporation for it to manage such land on behalf of the Crown.

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CSO: 4200/408

FOREIGN MINISTER WARNS FRANCE ON NEW CALEDONIA BUILDUP

Port Moresby PAPUA NEW GUINEA POST COURIER in English 2 Mar 87 p 3

[Article by Angwi Hriehwazi]

[Text]

**FOREIGN Minister Mr Diro has given France a warning.**

PNG "will not give in to French pressure" over New Caledonia's independence, he told Parliament.

He accused France of building up its military forces in New Caledonia aimed at quashing the independence efforts by the Kanaks.

But PNG was committed to continue supporting the Kanaks, he told MPs.

Mr Diro, who comes from a strong military background — he is former commander of the PNG Defence Force — said: "We will work closely with our neighbors to counter French tactics designed to divide and divert the energies of forum members."

"Papua New Guinea is particularly concerned about the increasing militarisation of the territory. The French government has stationed over 10,000 military personnel in New Caledonia.

"This is close to one member of the French armed forces for every six Melanesians," Mr Diro said.

He claimed the Chirac government and French settlers were "intimidating" the Melanesian people.

"The French government does not intend to allow the Kanaks to exercise their legitimate right to self-determination and independence."

He said the referendum being planned for July had been designed not to allow the Kanaks the right to choose independence.

"French men, who have not lived long in the territory, will be allowed to vote."

"The referendum is designed to secure the interests of white French settlers and not to reaffirm existing political arrangements," Mr Diro said.

"We cannot allow them to threaten the security and to undermine the stability of our region."

/9317

CSO: 4200/398

CULT GROUP AIDS OPM ARMS PURCHASE

Port Moresby THE TIMES in English 5-11 Mar 87 p 5

[Text]

MATHIAS Yaliwan's cargo cult movement in East Sepik province has sent money to the OPM (Free Papua Movement) in Irian Jaya to help the group purchase arms in its struggle for independence.

This was revealed in a letter found in Yaliwan's possession. The letter also mentioned the involvement of the New Apostolic church in the donation. The church has dissociated itself from the cult movement.

The OPM letter obtained on February 24 was sent by the late Lawrence Doga Defence minister in 1984 from the so called West Papua government and carries an OPM stamp. *Times* (Dec 7 1985) reported money was being collected by the Peli Association and delivered to certain Irian Jayans living in the district. An Irian

Jayan who had been receiving the taxes was arrested and jailed by police last year for illegally residing in the country.

In the letter Doga thanked the leader of the Peli association, Yaliwan, and the priest of the New Apostolic church in Maprik, for an undisclosed amount of money they had sent. Doga said the money would be used to buy shotguns, rifles and food for their struggle against Indonesia.

However, earlier Maprik police had also received another letter from the head of the New Apostolic church Fritz Wardi. Fr Wardi had written to inform the police that Yaliwan was not a church member and the church had no associations with Peli association.

Yaliwan, however, had told the police that he was an old member of the Apostolic church even

though his name was not on the church membership list.

The officer in charge of Yangoru district, Martin Viambu, said it was difficult to draw a line between the members of the Apostolic church and the Peli association. He said he also knew of some leaders of the association who were church members.

Mr Viambu also said he had seen 12 'plaua meri' at Yaliwan's house at Marambanja village whose ages were between 12 and 19. He said Yaliwan had claimed them as his wives.

He said Hawina and a member of the Apostolic church were also collecting money amounting to K20 or K50 from the Peli association and church members to give to the head of the New Apostolic church at Yangoru.

Contributors, he said were told that later "they can enjoy the fruits of their donations".

/9317

CSO: 4200/399

BRIEFS

LEADER ON SOVIET PRESENCE--South Fly MP Perry Zeipi is "scared to death to think about the possibility of a Soviet presence in PNG." PNG, like other Pacific countries, was rich in marine resources and its exploitation must be looked into very carefully, he told MPs. Any relations between PNG and Russia was unthinkable. Russia had designs on the entire South Pacific region and PNG must beware, he said. Fisheries and Marine Resources Minister Mr Bourne said he had no intentions of inviting the Soviets to fish in PNG waters. The Soviets were only a commercial option but there were other things to consider. They tend to over-fish wherever they went and the same could be done here, said Mr Bourne. Their fleets were State-owned and it was impossible to get information from the vessels on how much fish was being taken out. And security considerations would have to be taken into account, he added. [Text] [Port Moresby PAPUA NEW GUINEA POST COURIER in English 2 Mar 87 p 2] /9317

CSO: 4200/399

AQUINO BLAMED FOR CIVIL CASUALTIES, MARCOS COMPARISON DRAWN

Quezon City NATIONAL MIDWEEK in English 4 Mar 87 pp 46, 47

["Vantage Point" column by Luis V. Teodoro: "'Socialist' Echoes of a 1972 Argument"]

[Text]

**U**nless this government does something about it, it will soon surpass the Marcos record for massacres. Hardly three weeks have passed since the Mendiola Massacre of January 22, but the evidence tends to show that 17 people, including women and children, were killed in Lupao, Nueva Ecija last February 10. Mendiola and Lupao, plus the killing of at least three workers at the Bataan Export Processing Zone last January 31, make three massacres in three weeks.

The assignment of blame for these atrocities has become entangled in the usual police and military efforts to cover up what happened and to even blame the victims for their own deaths. The police and military are, indeed, moving heaven and earth to make it appear that their forces, though they may have pulled the triggers, were either provoked or had just cause to fire at the people who had been killed. There is a growing belief that nothing will come of the investigations that Mrs. Aquino, almost out of habit by now, has ordered. The investigation of the Olalia killing of November, after all, has gone nowhere fast.

Much has been made of the supposedly incendiary remarks of farmers' leader Jaime Tadeo and the shoving that occurred when the demonstrators confronted the first line of riot police, in convoluted efforts to prove that the National Democratic Front, or even the New People's Army, were involved in a supposed attempt to take over Malacanang. In the Lupao case, it has been argued that since there were survivors, there was no effort to massacre; that those who were killed — including a six-year-old child and an 82-year-old half-blind old woman — were "NPA operatives"; and that no soldier willfully fired at unarmed civilians — the 17 were killed in the crossfire between the NPA and government soldiers.

No one is any longer surprised at Rightist cynicism and low regard for human life and credulity. But many would still be puzzled by the tendency of proclaimed "socialists" to virtually echo a military argument — that the NDF "contributed to that tragedy. . . (and) bloodshed. . . Mendiola and war in the countryside could have been avoided had it not been for (NDF) obsession to 'reveal' the 'true' nature of this government."

The argument assumes NDF influence over the Mendiola march, and indeed even suggests that at least some of the marchers were NDF members — suggesting thereby that the marchers, in effect, brought the slaughter upon themselves. Yet the issue involved in the Mendiola Massacre is relatively simple: who pulled the triggers, and who gave the order to do so. Any effort to obscure these fundamental questions makes the search for some justice, no matter how minimal, that much more difficult. Blaming the victims for their own deaths is not only to borrow a page from the military book, but also to be a moral cretin in the unashamed effort to deny at all costs the ultimate responsibility of the Aquino government.

The “socialist” author of that statement, however, insists that the Aquino government is indeed innocent of any blame for Mendiola (and perhaps even for Lupao?) by claiming that “the state is not a monolith” — as if one needed a Ph.D. in political science to know this, and as if the existence of “contradictions between the different branches of the state apparatus” did not imbue the state with an essential character. In the real world, of course, the plain fact was that the decision-making during the Mendiola Massacre was left to police and military colonels, Mrs. Aquino having *relinquished* control over police and military units by leaving Malacanang. Additionally, it might be pointed out that, non-monolithic or not, the state, in the person of the President of the Philippines, had ordered “total war” against the NPA only a few days before the Lupao slaughter.

No matter. Our socialist continues: the “contradictions . . . within the state apparatus. . . can be exploited in order to push socially meaningful legislations (sic.) and/ or policies.”

It might be pointed out that the sentence is meaningless, *all* legislation (a mass noun, incidentally) being socially meaningful, unless what our

socialist means is “socially *pro-gressive*” legislation, in which case, we suggest, he be prepared to wait at least six years for this manna to fall from heaven.

The reactionary character of the Aquino dispensation is something no one needs to prove. It has, by itself and without any help from anyone, thank you, proven it again and again, most tellingly in the ascendancy of the military, whose freedom of action not only Mrs. Aquino but also other officials, including Executive Secretary Joker Arroyo, have made clear is not being interfered with by civilian discretion. The Aquino government is apparently not interested in “controlling” the military, in the sense of teaching it not only respect for human rights but also for human life, beyond the usual press statement, because, one suspects, it *shares* with the military *the basic commitment to preserve the system by patching up its most obvious failings, and by destroying the Left.*

Our socialist, however, insists on making a distinction between the military and “civilian” components of the Aquino government, and is naturally hard put to define the distinction. The truth is that, except for the initial release of political prisoners (there are still several hundred in prison) who had, in any case, served more than their legal sentences if they had been convicted, and the creation of an impotent human rights committee, the Aquino government abandoned whatever inclination or interest it might have had in early 1986 in addressing the historic problems of Philippine society.

It is almost a creature of the United States in terms of economic, military and political dependence (it might interest our socialist to know that reliable reports indicate that in the so-called “coup” of January 27, the Presidential Security Unit was in constant communication with US military authorities). It could not even resist US pressures to force the resignations



of its liberal ministers. It has kept war-lord power, supported by the hated CHDF, intact. Its land reform program is not even its own but Marcos', and is being implemented in keeping with the US counter-insurgency program. What then distinguishes it, except its style, from the military?

Let us reiterate: it was under this government that three massacres in as many weeks, of men and women from the most oppressed and brutalized sectors of our society, occurred. It excuses itself by claiming to have no control over the military, which, if true, does not qualify it to govern, but surely requires that it be condemned for incompetence. People are, after all, getting killed, either because they have grown impatient in waiting for the realization of their legitimate demands, and have uttered a curse or two, or because they were simply in the way, or happened to be convenient objects of military vengeance.

No government which permits this

to happen rules innocently. No government which allows this to occur, for that matter, is prepared to adopt "socially meaningful policies" (sic.) unless those policies are "meaningful" only insofar as they preserve its rule and the system it protects. And that is what this government is essentially all about, despite all the efforts to mystify and obscure its real character.

Those who have a historical sense by now probably have recalled that in 1972, a bunch of "socialists" claimed that it was the militancy of the people which was "driving" Marcos to declare martial rule, rather than foreign imperialism and domestic reaction. Another coterie of "socialists," which includes at least one fossil from that era, is today saying almost the same thing.

How easy it is to blame the oppressed and their organizations, and to bow before state power. How times have *not* changed, at least for these "socialists."

[M]

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CSO: 4200/409

EXPERT SEES RETURN OF 'EQUILIBRIUM' TO POLITICS

Broadway TIMES ON SUNDAY in English 1 Feb 87 p 11

[Article by Alfred McCoy, associate professor of history at the University of New South Wales: "Signs of Filipino Stability Amid Chaos"]

[Text]

**L**IKE vultures crowding a leafless limb, Manila's flock of foreign correspondents feed on coup rumours and political murders to fill our newspaper pages with images of a nation ready for the plunge into crisis or chaos.

If we look, however, to the country's history instead of its headlines, we can see some faint signs that stability — admittedly of a very yeasty Filipino variety — is returning to this sprawling island nation.

After 15 years of the Marcos dictatorship, we have forgotten that the Philippines was, for most of this century, a highly decentralised, often turbulent society. Through 40 years of US colonial rule, the country's powerful local leaders dominated elective office and used democracy to strengthen their hold on the village.

There was, however, little political violence since the Americans used their colonial constabulary to summarily sack any Filipino officials who, in their eyes, became *caciques* — abusive local autocrats.

With independence in 1946, regional warlords used a mixture of patronage and private armies to control elections for local offices and the old bicameral Congress. Every four years, presidential candidates barnstormed the country from island to highlands — wooing the crowds with nationalist rhetoric and doing deals with the local warlords.

Through promises of patronage and protection, the winning candidate cobbled together a volatile coalition of mayors, warlords, governors and senators.

Crippled by its poverty and promises, the national Government in Manila could do little to control the power of local officials or the abuse of warlords.

Before Marcos declared martial law in 1972, Philippine democracy thus suffered from fluid parties, domineering personalities, entrenched corruption, bitter faction fighting and provincial violence — all reported with blazing headlines in Manila's sensationalist press.

Marcos changed all that. Backed by 150,000 troops and \$26 billion in foreign loans, Marcos used his dictatorial powers to break the warlords and impose Manila's will on the provinces. For the first time in nearly a half century, Malacanang Palace ruled even the most remote province.

After Marcos revived elections and Parliament in 1978, trusted palace courtiers, known as the "cronies", used their profits from State monopolies over sugar, coconuts, bananas and the like to dominate politics in their assigned regions.

In the weeks before last year's presidential elections, Marcos began to lose control. The economy's collapse destroyed most crony corporations and the President could not

afford to rev up the Central Bank currency presses to buy votes.

Instead, Marcos turned to the warlords and his Chief-of-Staff, General Fabian Ver, giving them some 9,000 infantry weapons to deliver the votes.

Now, the old, pre-Marcos style of Filipino politics is back. Heir to Marcos's empty treasury and foreign debts, Cory Aquino has neither the financial nor the military means to control the provinces.

She may be dedicated to restoring democracy, but she is surrounded by followers seeking recovery of lost privileges. The new constitution, if approved, will restore the old bicameral Congress.

The battle for the Senate, home of presidential kingmakers, began as soon as the constitution was drafted late last year. Factions and personalities are again in command. With remarkable opportunism, key leaders of Marcos's old KBL Party are rallying to Aquino's new LaKas ng Bayan Party.

Political violence escalates, faction fighting rages, new parties form and split. Outsiders see these events as chaotic or destabilising. But they represent the return of the violent equilibrium that characterised Filipino democracy for decades.

As Left and Right polarise, Aquino is emerging as the dominant force at the society's centre in the tradition of the country's great presidents, Quezon and Magsaysay.

It seems likely that the mass electorate will approve the new constitution and give her a much-needed

popular mandate. If she does indeed win, then Enrile and Marcos loyalists in the military will probably stop their destabilisation campaign of coups, bombings and assassination.

Most of the country's 15,000 officers are military professionals who would reject any coup, overtures against a legitimate government. Although coup threats will recede, faction fighting, warlord violence and corruption — integral parts of the Philippine democratic process — will persist.

Over the medium term, say five years, the Aquino Government will probably survive, stumbling forward from scandal to crisis as its predecessors have done.

But the Filipino future does not lie with political personalities or parties. Neither has the concern or the capacity to address the real issues: growing poverty, massive unemployment and land reform.

Even Aquino's social vision seems limited and she repeatedly refused to meet with peasant demonstrators until her troops recently gunned down more than 100 outside the palace.

Since the Aquino administration will not tamper with market forces, the Filipino future is being shaped by the invisible rhythms of economic growth. If the economy recovers its resilience after two decades of Marcos plunder, then a booming Philippine capitalism might provide the jobs and prosperity for a stable, free-market democracy.

If the economy falters, then the urban and rural poor, the vast majority of the Filipino people, may well turn to the communist New People's Army for a socialist solution to their misery.

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MINDANAO NDF OFFICIAL DOUBTS RESUMPTION OF NATIONAL TALKS

Quezon City NATIONAL MIDWEEK in English 4 Mar 87 p 40

[Text]

"Grave doubts."

Thus did NDF-Southern Mindanao Regional Council member Sol Mendez express his views on the resumption of the national level peace talks, observing that the Aquino government's peace agenda all lead to "surrender."

Mendez said that despite the NDF's 10-point agenda presented to the government, the latter seems only interested in talking on the capitulation of NDF forces. Moreover, Mendez cited several obstacles to peace which he blamed on the military. These are: the refusal to disarm abusive CHDF members; military operations in rebel territory;

forced recruitment into the CHDF; and, non-issuance of safe conduct passes to members of the local NDF panels.

Mendez said "the civilian government does not have full control of the military." This is "the biggest obstacle so far in the attainment of a just and lasting peace." Mendez added, however, that the regional NDF is "still seriously assessing the whole situation."

"We are giving peace a chance if only to give our due respect and credit to the efforts of the civilian government (of South Cotabato and Davao del Sur)," Mendez confided.

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CEBU NDF OFFICIAL INTERPRETS PLEBISCITE RESULT

Quezon City NATIONAL MIDWEEK in English 4 Mar 87 p 40

[Text]

The "yes" victory in the recent constitutional plebiscite is a "signal to the National Democratic Front (NDF) that the government would suppress the Left more," said Fr. Rustico Tan, NDF peace representative for Cebu, in the wake of unsuccessful peace negotiations on that island province.

The Aquino government is "still dominated by the same ruling class that has perpetuated a semi-feudal and semi-colonial society." Hence, the government may not even prosecute rightist forces, and instead, would try to suppress the Left, said the NDF representative.

According to Tan, the

people's vote for the Constitution was more of a vote against "fascism," and that President Aquino represented "anti-fascism." On whether the revolutionary organization found it more difficult to deal with the Aquino government than with Marcos', Tan said the NDF was not against personalities but is addressing the basic problems which still confront the Filipino nation.

"It is not a question of which enemy is harder to topple. In revolutions, there is only one enemy: the basic problems of the people," Tan explained.

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CHURCH GROUPS REACT AGAINST ALLEGATIONS OF COMMUNIST LINKS

Quezon City NATIONAL MIDWEEK in English 4 Mar 87 pp 30, 31

[Article by Sophie L. Bodegon: "Christians, Communists and the CIA--A Word War Raging Between Church Conservatives and Militants."]

[Text]

**A** lively war of words continues to rage between conservatives and militants in the Church. Fueled by the media, the war recently took itself to the public once more with the publication in two local papers of a *Washington Post* article on alleged communist infiltration of Church groups in the Philippines and the United States.

Originally published mid-October under William Branigin's by-line, the article listed five US-based organizations which "US officials, knowledgeable sources in the Philippines and literature published by these groups" indicated had either organizational links with the National Democratic Front or espoused NDF positions.

These organizations, Branigin said, are the Church Coalition for Human Rights in the Philippines, Friends of the Filipino People, the Alliance for Philippine Concerns, the Philippine Resource Center and the Philippine Support Committee.

While much has been written about alleged NDF infiltration of church-based groups, this is the first time US groups have been mentioned by name by a US newspaper.

Branigin got his lead from "A Letter of Concern" issued by 50 US Catholic and Protestant missionaries

who urged US Christian leaders to help "prevent further US military aid and intervention in the Philippines." The letter told readers to contact the five organizations in the US for "timely and reliable resource materials."

The missionaries' appeal itself was the offensive that started this season's round of debate. Two months after it was released, a group of 17 Philippine-based Jesuits reacted with charges that the missionaries' letter constituted an act of US intervention. They also said that the first letter presented the NDF, the Communist Party, and the New People's Army in a "falsely favorable light."

While the missionaries and the Jesuits have since then "entered into dialogue," the Manila dailies have continued to publish articles alleging that communists "treacherously try to worm their way" into Catholic and religious organizations. The cartoons that accompanied them depicted how the peace talks between the Aquino government and the NPA supposedly lead to a communist takeover.

The militants have their own charges. In a recently released paper, Fr. Thomas Marti of the Association of Major Religious Superiors of the Philippines, said that many of the fundamentalist sects and "humani-

tarian" organizations that have been introduced in the Philippines are part of a transnational effort of extreme right-wing politicians and "very possibly, the CIA."

In reactions to the *Post's* story, Fr. Michael O'Loughlin said he was appalled that Branigin would write "this untimely article to further divide those who would adhere to militaristic solutions from those who are tired of bloodshed as well as the US policy of continued intervention in the sovereign affairs of the Aquino government."

O'Loughlin, justice and peace coordinator of the Columban Fathers in Washington, said that some of the statements in the article are clearly invalid and false, "leaving one to wonder about the motivations for such irresponsible journalism." He said the piece echoes attempts during the era of deposed president Ferdinand Marcos to discredit church groups that dared speak in favor of reconciliation and dialogue.

The Philippine-based Coalition for the Promotion of Church People's Rights, in a statement, dismissed the Branigin article as "an open propaganda piece along the vein of Ross Munro." (Munro, in the crucial months leading to the ouster of Ferdinand Marcos, wrote a similar essay which appeared in the ultra-rightist US publication, *Commentary*.)

PCPR said Branigin had "wittingly or unwittingly work(ed) with the forces of repression in order to silence our churchworkers once more by making them targets for harassments, torture, kidnapping, salvagings [summary executions] and disappearances."

Signed by Rev. Roger Obja-an and Sr. Aurora Zambrano, PCPR chairpersons, the statement called for an end to the "disinformation and distorted publication of Branigin and his kind." The umbrella organization added that these articles "point accusingly at the very essence of the option of church leaders, church workers, and church-based organizations who have cast their

loyalty with the Filipino people especially the exploited and the oppressed."

PCPR recalled the gory killing of churchworkers like Fr. Tullio Favali, and the case of Methodist deaconess Miriam Dugay who is still in jail despite a court order for her release.

In reply to Branigin's allegations that 90 human rights organizations were communist fronts, PCPR said: "When one brands human rights organizations as fronts, then the workers are seen as manipulated instruments and tools ... Filipino human rights workers are motivated by deeper and nobler values."

Further, in answer to those who complained that protesters against human rights violations received financial support from abroad, the PCPR replied: "Only those who rake in huge profits from the crumbling Marcos era have reason to grumble and an axe to grind."

**M**arti, in his paper "Fundamental Sects and the Political Right," warned that rightists project the red scare as a "deliberate and orchestrated effort to undermine the efforts of President Aquino to effect a meaningful ceasefire" with the NDF. He said that the exaggerated anti-communism is but a cloak to oppose any radical change in favor of social justice.

The paper links the Moral Majority, the Campus Crusade for Christ, the Unification Church of Rev. Sun Myung Moon, Causa International and the Christian Broadcasting Network as part of the "interlocking efforts of extreme right-wing political organizations and individuals with strong connections with the Reagan administration to maintain a world dominated by US economic interests."

He also tied Americares, a supposedly humanitarian organization, with the Pentagon and counter-insurgency campaigns. (In September, Americares donated a shipment of \$10

million in medical supplies to the Philippine armed forces as a complement to the Pentagon's own donation.)

Citing published sources, Marti said AmeriCare is active in Central America as a source of millions in medical aid for pacification campaigns. He also noted that its honorary chairman is former US National Security Adviser Zbigniew Brezezinski.

Marti traces the historical background of rightist intervention in church and humanitarian organizations back 17 years when the Catholic Church in most of Latin America was committing itself to the work of justice. To counteract this, then US Vice President Nelson Rockefeller, in a study on Latin America and US foreign interests, recommended "an extensive campaign with the aim of propagating Protestant Churches and conservative sects in Latin America."

Behind this campaign, Marti said, is the ideology of the New Right where the world is divided into two — the communist, which is socialist and atheistic, and the capitalist, which is Christian and democratic. From this perspective, there is no room for neutrality, Marti pointed out.

Fundamentalist doctrine, according to him, dictates that any attempt to change the world would be blas-

phemous as only Christ's second coming will end pain and injustice.

Instead of directly criticizing the various sects, however, Marti suggested three possible lines of action by Church people. These are: the intensification in the development of Basic Christian Communities throughout the country; the incorporation into training courses of an analysis of fundamentalist sects and their connections with political forces; and an in-depth study of these sects in the Philippines.

While some Christians deny having links with the Left, and deny it truthfully, there are those who admit to working with the NDF. The Christians for National Liberation, in a recent statement, announced they will continue to "work hand in hand with Marxist comrades, and comrades of other faiths" in the NDF. Forced to go underground during the Marcos years, the CNL said it "intends to move and win with the Filipino people in their struggle." They said they would work for a society "where Christians can freely serve in the context of their faith."

The real issue, the CNL contends, is not between Marxism and Christianity but "the idolatry of power."

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CAVITE PRIESTS SEE COMMUNIST INVITATION AS SMEAR CAMPAIGN

Quezon City NATIONAL MIDWEEK in English 11 Mar 87 p 38

[Text]

An "invitation" to join the Communist Party of the Philippines (CPP) is being circulated in Cavite schools and parishes, prompting local priests to conclude that a "smear campaign" against church people is underway.

The invitation, in red ink on a half-page of mimeographing paper with the letterhead of the Bagong Alyansang Makabayan-Cavite chapter (BAYAN-Cavite), read: "Have fun! Be in! Participate in rallies and demonstrations! Denounce the US-Cory dictatorship! Denounce imperialism, feudalism and bureaucrat-capitalism! Be a real communist! Join the Communist Party of the Philippines!" The invitation directs the reader to inquire and apply at the Sto. Nino Parish in Bacoar, Cavite.

Fr. Arturo Balagat, Sto. Nino parish priest, human rights advocate and frequent target of anti-com-

munist propaganda, said that aside from circulation of the red fliers in Alfonso, Tanza and Imus towns by several men in a Mercedes Benz, he has learned that he is being targetted for arrest and liquidation by the military.

"Dirty, vulgar, unprofessional and a desperate propaganda gimmick" was how Imus-based parish priest and BAYAN-Southern Tagalog vice chairman Fr. Jose F. Dizon denounced the campaign, adding that it only "seeks to discredit" BAYAN and church organizations that have been serving the people.

On the other hand, Bishop Felix Perez of the Cavite Diocese sees the smear campaign as directed mainly against church members active in exposing social maladies, or in expressing the sentiments of the people.

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TASK FORCE DETAINEES REPORTS PC TORTURE, MURDER

Quezon City NATIONAL MIDWEEK in English 4 Mar 87 p 40

[Text]

After being captured, a New People's Army (NPA) guerrilla was reportedly tortured then salvaged last February 14 in San Simon, Pampanga, according to the Task Force Detainees-Central Luzon (TFD-CL).

Tortured then killed by elements of the 172nd Philippine Constabulary (PC) company was one Restituto Dantes, 20, whom witnesses said, was arrested in the wee hours of the morning in San Pablo, San Simon, Pampanga, according to a TFD-CL probe body.

The human rights body said Dantes' remains bore cigarette burns aside from the bullet wounds which felled him. Dantes was reportedly identified as a member of the NPA by one Abel Manlapas, who is apparently a military informer.

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LAGUNA RESIDENTS PETITION GOVERNOR AGAINST ARMY UNIT

Quezon City NATIONAL MIDWEEK in English 4 Mar 87 p 40

[Text]

Some 102 residents of Baanan village, Magdalena, Laguna, have sent a position paper to Laguna Governor Felicisimo San Luis urging the dismantling of the detachment of the Philippine Army's 16th Infantry Battalion from their village.

The villagers argued that the presence of the detachment was not justified since it was set up only at the request of three non-resident landowners. Moreover, the residents complained that the detachment was too close to their homes, a potential threat to their lives in the event of clashes between the soldiers and the New People's Army (NPA). Tension and insecurity were even created by the presence of the detachment, especially after incidents of "disrespect towards women, indiscriminate firing of firearms at night, drunkenness and fights among soldiers, as well as gun-toting incidents against civilians."

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KMU ALARMED OVER 'INCREASING' POLICE DISPERSAL OF STRIKES

Quezon City NATIONAL MIDWEEK in English 11 Mar 87 p 38

[Text]

"Police and military intervention in strikes remains unchecked."

This is how the Kilusang Mayo Uno (KMU), through KMU-National Capital Region (KMU-NCR) Chairman Leto Villar, described the increasing number of strikes dispersed by police and military elements during the past few weeks, as reported in *Malaya*.

Villar echoed the KMU's alarm over police and military dispersals of striking workers when he revealed the labor department's continuing issuance of orders which authorize state security forces to break up strikes. He stated further that such dispersals take place despite Executive Order 111 signed by President Aquino which checks police and military involvement in labor-management disputes.

Instances of police and

military dispersals of picket lines were cited by Villar, such as the Trinity Steel Corporation strike dispersed by elements of Precinct 8 of the Western Police District. According to union head Antonio Casas, aside from an incident wherein a policeman placed the barrel of an armalite rifle in the mouth of a six-year-old present at the picket line, several workers, including a pregnant woman, were injured when 40 policemen attacked.

Other instances of dispersals were the one done by soldiers of the Capital Regional Command (CAPCOM) during the picket at the Everfit Manufacturing Company in Paranaque; and by goons led by Rogelio Estrella, general manager of the Wilboro Manufacturing Corporation in Valenzuela, Metro Manila during a picket held by the company's workers.

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PARAMILITARY GROUP KILLS 2, RAPES 4 IN LANA DEL NORTE

Quezon City NATIONAL MIDWEEK in English 4 Mar 87 p 40

[Text]

Some 20 families from Ditogo, Kapatagan, Lanao del Norte fled to the Karumatan Catholic Church some 15 kilometers away in the wake of the rape of four women and the killing of a married couple by a paramilitary group, the Barracudas, in two separate incidents following the 1986 constitutional plebiscite.

Killed were Flaviano Engaling, 38, and his wife Elena, 30, both of Ditogo village. Raped were Mercedita Sumile, 22; Estrella Cabatingan; Mely Sumile, 23; and Monchita Angot, 15.

Four armed Barracuda members reportedly woke up the Engaling couple on the night of February 4, asking for the presence of cattle rustlers in the area. They then asked Flaviano to guide them in searching for the rustlers, only to shoot him later about a

hundred meters away from his house. The killers then went back to the Engaling house and gunned down Elena, in the process hitting with a stray bullet the Engaling's neighbor, Bienvenido Cagabchaban.

The killing was followed two days later by the rape of the four women, also of the same village, by Barracuda members.

In both incidents, Ditogo residents reported that they were robbed by Barracuda members, who they speculated were retaliating for the overwhelming "yes" vote by Ditogo residents in the last plebiscite. On the day of the plebiscite itself, February 2, one Abdul Kadir, a former village chief, was reported to have warned residents of trouble should a "yes" vote prevail in Ditogo.

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10 LFS STUDENTS ARRESTED IN BAGUIO REVOLUTION ANNIVERSARY

Quezon City NATIONAL MIDWEEK in English 11 Mar 87 p 38

[Text]

Ten members of the League of Filipino Students (LFS) were arrested last February 23 by Baguio City policemen during a student march held in celebration of the first anniversary of the February Revolution, according to *Malaya*.

The ten were arrested allegedly for "illegal assembly and obstruction of traffic" along Session Road, Baguio City.

Aside from its being held in celebration of the People Power revolt, the march was also in recognition of the struggle of cause-oriented people's organizations during most of the Marcos dictatorship, according to a statement distributed by the student

marchers. *Malaya* reported that the march-rally was even blocked by three police cars, which eventually gave way after student leaders negotiated with the police to let the celebration continue. At about 5 pm, however, when the students were about to disperse, 15 armed policemen reportedly accosted the ten students. They were subsequently brought to the police station where Baguio City police commander Maj. Camilo Duganayen kept the press away during the investigation of the students.

Students and human rights workers have reportedly picketed the police station as other marchers were reported as still missing.

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SAN JUAN ANALYZES LEFT'S SHORTCOMINGS

Quezon City NATIONAL MIDWEEK in English 4 Mar 87 pp 16-19, 44

[Article by E. San Juan, Jr: "New Dangers, New Opportunities"]

[Text]

In the space of less than two weeks in late 1986, from November 13 — when the mutilated body of Rolando Olalia, chairman of the Partido ng Bayan (PnB) and also of the Kilusang Mayo Uno (KMU), was found, a victim of military "salvaging" — to November 23, when President Corazon Aquino dismissed the recalcitrant Minister Enrile, self-confessed architect of Marcos' martial rule, a new political conjuncture took shape in the Philippines.

Key to this shift in the intra-elite alignment of forces is the US government acting through the AFP Chief of Staff, General Fidel Ramos. (Through the Joint US-Philippines Military Advisory Group formed in 1947, the US exercises institutional control over the Philippine military at all levels.)

In exchange for quashing last November's coup allegedly plotted by Enrile and his clique, General Ramos extracted from Aquino a litany of demands (similar to what Enrile had been vociferously calling for), including the purging of liberal or left-of-center democrats in her administration, and a greater say

by the military on state policies and executive decisions. Practically all the US mass media noted that Aquino, indebted to General Ramos for staying in power, has now become dependent on the Chief of Staff and his cohort.

Immediately Reagan and the State Department expressed pleasure at this turn of events: "We reiterate our strong and unequivocal support for President Aquino and her administration." Senator Richard Lugar, head of the influential Foreign Relations Committee, stated that Aquino "is the only unifying factor in Philippine politics... Mrs Aquino is receiving assurances every day from the US government of one-hundred percent support." This support, chiefly military supplies and logistics, totals \$200 million for fiscal year 1986, plus a supplementary \$200 million after her speech to Congress last September 18.

In view of its enormous stakes in the Philippines — chiefly the strategic Clark Air Base and Subic Naval Base — the US supported the Enrile-Ramos military revolt in February last year. The Reagan administration did not

endorse Aquino until her accession to power was a *fait accompli*, primarily because she signed the December 1986 Convenors' Agreement of Filipino oppositionists pledging to remove the US bases. But to preempt her nationwide call for mass action at EDSA fully supported by KMU and BAYAN, the US (through the machinations of the CIA, the US Embassy and trouble-shooter Philip Habib) sponsored and encouraged the Reform the Armed Forces Movement (RAM) to destabilize the Marcos regime, leading to the US denial of continued support for Marcos. This strategy was repeated when KMU and the progressive movement staged a funeral march of over half a million people last November 20 and vowed support for Aquino (Olalia was assassinated just after he announced that the movement would defend Aquino against an Enrile-inspired coup); US operatives apprehended the dramatically accelerated nationalist-democratic pressure on Aquino that might entrench the liberal reformists and push Aquino to the left. Two days later, General Ramos presented Aquino with what was in essence Enrile's demands — Ramos shares Enrile's world-view and ideology, notwithstanding differences in personal style or temperament. Aquino had no choice. Because she would not call on the fabled "people power" that saved Enrile-Ramos last year and catapulted her to power, she was left to depend on the same repressive military which Marcos used to terrorize the people and imprison and murder her husband.

To what extent have Aquino's populist reforms (the little there is) been jeopardized, and her subordination to the military sealed, remain to be seen.

Overall, the US has strengthened its position by eliminating the volatile, Marcos-tainted Enrile and firmed up its military solution to the insurgency problem through the intervention of General Ramos. With the appointment of retired General Rafael Ileto as Enrile's successor, the US has positioned one more "professional" to further its goal of streamlining the military to make it an efficient killer of Filipino rebels and dissidents. A West Point graduate, veteran of the Huk-suppression campaign of the Fifties and trained by CIA-operatives like Edward Lansdale during Magsaysay's presidency, Ileto is sure to refurbish the "civic action" component of the counter-insurgency program, utilizing such schemes as disinformation and "low-intensity warfare" employed in Central America.

Recent reports have revealed that, first, during the November coup crisis, Major General John Singlaub, head of the World Anti-Communist League and prime patron of the Nicaraguan Contras, was seen in Manila (together with an AID official) conferring with Enrile, Ramos and other government advisers, including the brother of Aquino and her chief confidant, Jose "Peping" Cojuangco. This was a replay of Habib's timely "mediation" between Marcos and Enrile during the February revolt. Second, Olalia's killers are known to have come from a military detachment in Enrile's bailiwick in the Cagayan Valley, but no steps have been taken to apprehend the suspects; the panel of investigators appointed by Aquino includes military officials. Third, with the "Contras" already installed in the military and state bureaucracy, a "creeping coup" has been initiated that



will purge all nationalist/progressive elements in the state apparatuses, mount a gradual suppression of all legal mass organizations (like KMU and BAYAN), torpedo the Malacañang ceasefire agreement between the National Democratic Front and the Aquino government and establish fascist rule behind Aquino's populist facade. The limited "democratic space" now enjoyed by the people will be a memory of the past.

If indeed Aquino finds herself constrained, if not dictated upon, by the US-manipulated military and submits to becoming a figurehead, what are the opportunities for political mobilization in the cities? While Enrile revives the moribund Nacionalista Party and regroups the Marcosists, and the military positions itself to assert hegemony over the state, what is the situation for sharpened class struggle?

First of all, I think the NDF's implementation of principled critical support of Aquino's reformist program and the correction of certain dogmatic/secitarian tendencies (especially the boycott stand) augurs well for the struggle. By seizing the opportunities offered by this "breathing space," the movement has rectified a militarist or ruralist deviation understandable during Marcos' reign of fascist violence. It has reached broader sectors, especially the middle elements (professionals, intelligentsia, small businessmen). It has catalyzed new untapped resources; creativity, popular genius. Left adventurism has been checked; the new lessons gained will guarantee a sustained and vigorous resistance to military repression, attracting millions hitherto uninvolved to its cause.

Since it will take some years to erode the vast gains of the NDF and the liberal democrats, and for the military to shed the stigma of Marcos' corruption and brutality, I don't really foresee an immediate scrapping of bourgeois democratic forms.

With the Constitution ratified, senators and representatives will be elected to Congress in May, and the whole economy rehabilitated to service IMF/World Bank debts and transnationals.

The rectification mentioned above involves not just tactics but the whole "democratic way of doing things in the Party" as well as in the mass organizations. The boycott mistake is a symptom of the inadequacies in applying the mass line, in conducting genuine united front work. However, I have yet to come upon any analysis that goes to the root of the problem. If the broadest alliance is not forged soon, especially with the liberal democrats or reformists, as well as with the much-maligned "social democrats" and other middle elements (segments of the military and police; the religious, etc.) the movement might find itself isolated — a vanguard moving against the will of the masses.

Judging from an NDF document on the united front before Marcos was overthrown, I think there are clear-headed analysts who can do conjunctural analysis within a historical-materialist framework. (In the document, the hold of traditional "bourgeois parliamentarianism" and elections on the "unorganized and spontaneous" opposition was acknowledged.) By "conjunctural analysis," I mean calculating the overdetermining impact of non-class factors — especially the cultural and ideological — articulated within the dynamics of short-term changes.

One can pontificate on the dogma of "people's war" forever, but what does it concretely signify in the everyday lives of ordinary Filipinos? Despite the presence of many experienced, non-sectarian comrades in the movement, the greatest danger still remains, namely: blind, fanatical apologists who uncritically echo slogans and formulas without an iota of creative thinking, who are quick to condemn allies and anyone else as class enemies just for raising questions or revisions. These party flunkies are worse than the visible oppressors — the oligarchs and imperialists — because they represent the enemy within the ranks. Unfortunately, these functionaries still exercise some influence.

I see three mistakes still plaguing certain sections of the movement: First, the almost banal class-reductionism exemplified by the repeated charge, "President Aquino comes from the landlord class, therefore. . .," with its correlate, an empiricist pragmatism shown in the habit of latching on to reactionary politicians if that will promote get-rich-quick schemes. I am always surprised to find that there are certain personalities in the movement occupying important positions who have no understanding of the "mass line," hegemonic strategy, surplus value, etc. Second, as a symptom of past habituation to bourgeois politics, the Left identifies ideological leadership (hegemony) with having trusted representatives physically controlling the hierarchy in mass organizations. We have seen this commandism wreak havoc on solidarity work. It demonstrates lack of real hegemony.

NDF urban work has been described by certain quarters as "very sophisticated." But my

investigations last year belied this sophistication, with countless alienated or disillusioned militants testifying to recurrent excesses. One example is the internal dissension in GABRIELA and the damage inflicted by bureaucratic-commandist practices on the rank and file. Another instance betraying a dogmatic refusal to heed the Igorot right to self-determination is the rift with Fr. Conrado Balweg, the Cordillera priest-guerrilla. Despite the manifold strengths of the grassroots organizing done by BAYAN and KMU, a genuine united front has still to be achieved, a broad coalition of progressive forces similar to the Sandinista Front in 1979 (when the three tendencies of Prolonged People's War, Proletarian, and Insurrectionist coalesced). The Partido ng Bayan, perceived as a front of the NDF or the Communist Party, still regards as privileged "the basic masses" of peasants and workers, a doctrinal axiom that doesn't take into account the strategic role of the intelligentsia, the religious (in a predominantly Catholic nation), women and nationalities as independent or autonomous political agents. The conjunctural point of a true, authentic united front politics has not yet been reached.

The third shortcoming I have observed follows from a rigid adherence to the primary-secondary formula; for example, parliamentary struggle is secondary, extra-legal struggle is primary. Added to this is a mechanistic or non-dialectical tendency to pursue a policy until defeat (loss of lives, imprisonment, paralysis, etc.) leads to a halt and a rethinking. Perhaps this is a symptom of vanguardist cretinism, left in form but right in essence.

I can cite here the experience of our support group in the mid-Seventies, when the leaders of the movement refused to endorse the Moro struggle for self-determination (up to secession) until and unless they received a directive from Manila on this question. Up to this late day, some activists continue to distrust and dismiss petty bourgeois intellectuals, especially those based in the US for lack of experience in the countryside. Lest there be any misinterpretation, I should stress that these reflections are made in the belief that the movement's solid strengths and virtues exceed these problems and will in time resolve them.

Evidence for this is the founding of PnB, a welcome sign of the creativity and willingness of Filipino revolutionaries to utilize conjunctural means to actualize popular democracy. In the past, elections had always been ruled out as an imperialist trick; but now its educational value has been recognized, particularly

given the low level of anti-imperialist consciousness and mobilizing in the whole country. With a permanent base of 50,000 members, PnB aims to work toward establishing a popular coalition government. Partly because its constitution limits the majority of its membership to workers and peasants, it cannot hope to be *the* united front mechanism needed to oppose Aquino's elite populism. Jose Ma. Sison's speech during its inaugural emphasized the educational/propaganda function of the party.

On two demands in its platform, the Partido ng Bayan deserves the full support of American comrades: withdrawal of US bases, the main justification for intervention; punishment of human rights violators, justice to the oppressed. Unless serious mistakes are committed, PnB may successfully lay the groundwork for a wider united front that may permanently consign US imperialism and its local agents to the garbage dump of pre-history. [M]

/9317

CSO: 4200/409

NPA CAMP LIFE, IDEOLOGY PROFILED IN AUSTRALIAN WEEKLY

Sydney THE SYDNEY MORNING HERALD (GOOD WEEKEND magazine) in English 14 Feb 87  
pp 30-35

[Article by Louise Williams: "Until Death (or a change in ideology) Do Us Part"]

[Text]

**A**FTER a six-month courtship, a "red fighter" and a communications officer of the New People's Army have attained a "certain level of unity," won the approval of their respective collectives and gained the permission of the party. So, on a sunny Sunday morning under a bamboo shelter in a mountain village hours walk from the end of the road, Ka (Comrade) Victor and Ka Emcee place their hands on the gun and the red book and take their vows.

With the flag of the Communist Party of the Philippines pinned across their shoulders, they promise to love, honour and obey — to "strive painstakingly to do their best to advance the revolution and to respect the rights of each other based on the party's policies on proletarian relationships."

Ka Victor and Ka Emcee have explained the history of their relationship to their comrades gathered under the bamboo shelter outside the home of the bride's family, proud owners of the expansive mango tree — the biggest in the village — in the gully.

The two have recounted how they met when Ka Victor came down from the forest to organise the marketing for the red fighters of the Southern Guerilla Front. How Ka Emcee had no special feelings for Ka Victor when he applied to her collective for permission to court her but how their relationship developed as they discussed views and struggled over implementation of their tasks in the revolution.

On this sunny morning, Ka Emcee had publicly criticised Ka Victor as the rites required. Although Ka Victor had failed to find anything to criticise in Ka Emcee, their guests had assessed the relationship as suitably mature.

Some guests had walked for hours along stream beds and up thin tracks of slippery red clay to attend. Some of the red fighters had walked all night.

This is a land where peasants earn 500 pesos (\$A40) a year for the crops they produce on their small pockets of land terraced into the steep hillsides. A land where the men from the government once came to build a road but never came back. The peasant farmers must negotiate the waist-deep ruts on foot to carry produce to market for local traders and supplement income by one peso (eight cents) for every kilogram they lug down the mountain.

To the mountain people of the southern island of Panay, elections mean the concrete basketball court which the final Marcos campaign brought them and an offer of 13 pesos each to vote for the dictator/president who fled into exile when his poll rigging backfired.

The government in Manila means the local officials of the Bureau of Forestry who attempt to prevent the people from clearing more land or the few school-teachers or the lone midwife who walks the mountain trails between her 2,800 patients and who ran out of drugs more than three months ago.

To ask how things have changed under President Cory Aquino will bring only laughter in response. Who is Cory?

What is her Constitution about? There are no TV sets or city newspapers here.

This is a "red area," a land of "consolidated" *barios* (villages) where consumer co-operatives buy supplies and discussions on feminism are convened in a local chapel visited only once a year by the travelling priest . . .

A land which conceals and supports the 80 or so red fighters of the Southern Guerilla Front, a land where no one pays taxes to the government in Manila but everyone makes contributions to the "movement".

The "movement" came to these villages of the Ilo Ilo Province in 1978 when the Armed Propaganda team of the New People's Army wandered into town.

Life in these *barios* and on the surrounding land was hard.

The farms were established during the Spanish occupation when the European colonisers introduced the *hacienda* landlord and tenant system on the fertile, accessible lowlands. So peasant farmers were left with only the inhospitable land which the colonisers did not want.

Life in the *barios* is still hard. But trigger-happy military officers are not so often seen; the pro-Marcos men of the notorious Civilian Home Defence Forces (CHDF) have been executed, driven out or "neutralised"; slightly higher wages have been extracted from the local traders and village co-operation is becoming a reality.

The guerillas of the Southern Front are backed by about 800 members of a local militia and an extensive administrative network of the Communist Party of the Philippines. The local militia has only "whites of the eyes" weapons — home-made, single-shot handguns accurate to four metres on a good day.

But the red fighters at the nearby guerilla camp patrol with an odd-assortment of high-powered US-made M16s, Colt .45 and .38 handguns, superseded heavy wooden M1s, US M203 grenade launchers and at least one donated Soviet-made AK50.

The company is under the command of 38-year-old Ka Jean — a Commerce graduate, former salesman for the US Tobacco Company, son of the Filipino bodyguard of a US general, father of four.

His nomadic company and some of their relatives have been living in the bamboo shelters on this steep red clay slope for about 10 days — checking regularly for intruders.

Ka Jean is telling his story. He sits at the bamboo communal table next to the earth ovens and bamboo water pipes, with wide laughing eyes, an obvious delight for the absurd and the minimum of machismo.

Jean, it seems, became one of the first red fighters on the island when he left the hills in 1973 with five friends and five samurai swords. He had become a courier for the "movement" the year before when Ferdinand Marcos declared martial law. Jean said that he "could see what was happening to the Philippines."

"The masses" did not accept them then because of their wild looks and ridiculous weapons. Ka Jean is most amused.

He was not, however, overly amused after his first operation. At the end of 1973, when his squad had grown to nine and was armed with nine home-made single-shot handguns, it ambushed a lone member of the CHDF. Only two guns went off. To make sure that the CHDF man was dead, they used knives. Then they discovered that he had been on his way to the city and carrying no weapon they could "liberate." Ka Jean says: "I was trembling and feeling so guilty, even though this guy was a well-known bandit. It was a difficult process overcoming it. I had to accept that these things will happen because this is a people's war and the people are depending on us — and, if you don't kill them, then, they will kill you."

Jean's squad acquired its first M16 in a similarly undignified fashion. A 14-year-old boy had been pestering them so much about joining that squad members decided to set him an impossible task to get him off their backs. They would accept him only if he supplied his own high-powered Armalite rifle.

So the boy simply waited for a government soldier to pay a social visit on his parents and leave his gun at their door. The boy picked up the weapon and walked off.

The armed squad's main task on Panay was propaganda until 1977 when the party assessed that the local mass

support base was sufficient to allow Ka Jean and four others to set up the first strike force to concentrate on military operations. "First operations involved CHDFs and diehard policemen. Not all involved killing people — some only involved confiscating their weapons."

Ka Jean has a battle scar across his temple. The wound was acquired in 1985 when the NPA was out looking for the CHDF and bumped into a Philippine Constabulary patrol in the hills. Two comrades died in four hours of fighting and military helicopters forced the NPA to retreat.

Ka Jean pauses, laughs and makes an admission: he ran straight into a rock.

The most recent major military operation of the Southern Guerilla Front, the Great Magnolia Truck Escapade, could become a local legend.

About 100 NPAs stopped a truck carrying magnolia milk and fruit juice last October and used it to block a winding mountain road with the intention of luring the military into the "kill zone."

When the first military jeep arrived, the usual signs went up on the road at each end: "Stop. NPA ambush in progress." The explosives buried in the roadway and intended to trap the military on that particular strip of road were triggered. The only problem was that they did not go off. The military just kept on coming. The NPA only just managed to retreat.

Ka Jean says that the sympathetic masses in the nearby village did not get off so lightly — the military went through town shooting into houses, conducting house to house searches and leaving at least seven people dead.

Life in the guerilla camp is hard. But a 4.30 am start, no wages, a limited diet, a vigorous training program and less-than-primitive living conditions have not bred a generation of earnest Filipino martyrs.

Ka Jonel, a stylish Rambo-type aged 23, is cuddling his two-year-old son who is visiting the camp with Jonel's wife and a group of workers "on exposure" from the city is singing local revolutionary ballads interspersed with mushy US love songs. They are surrounded by displays of characteristically Filipino affection — much casual leaning, hugging, touching, smiling.

Ka Jonel seems puzzled by the question — "What do you miss most about life in the *bario* when you are cold and uncomfortable in the forest?"

Well, actually, it's cold in the *bario*. And, in any case, cold is nothing compared to the hunger he has experienced. "Hardship is just a part of life, isn't it?" he asked. Before he became a red fighter, Jonel worked on his parents' plot of rice-growing land.

During the morning exercises — when the red fighters are drilled in running up steep hills of mud in bare feet, jumping, twisting, jogging and knee bends — Jonel sings "Planting rice is never fun." The exercises, preceding breakfast of rice and cooked green paw-paw and mongo beans, are for both sexes. Five young girls in pigtails and ribbons, with guns slung over their shoulders, are training with the boys. Equality of the sexes is a principle of the party but in practice only a minority of the red fighters are women, known as Amazons.

Ka Gene (17) and Ka Glen (20) talk about being attracted to the camaraderie of the movement when it came to their *bario*. They talk about the first dead bodies they saw and how that image has come flashing back into their minds.

Women are good red fighters and the men treat them as such. But Ka Gene and Ka Glen still believe there is one fundamental physical disadvantage — the days when the Amazons are "on their periods."

And then there are children. Most children of Amazons are left in the care of relatives or "the masses" but pregnancy and childbirth require trips to the *barios* and, therefore, greater risks of apprehension by the military.

Ka Glen is married and may sleep with her husband but all single fighters are segregated.

Ka Roger, a local propaganda officer, explains party policy on personal relationships with the help of the book *All About Marriage*. "It is the democratic right of every individual in the party and people in society to have the freedom to love and the freedom to be happy in married life," the book says. The party, Ka Roger explains, does not interfere in the choosing of a partner but is against anarchism and promiscuity. The reason: "too much freedom for the individual in

the aspect of love creates a situation where a person can enter a relationship irresponsibly and end up violating the rights of another.

"Loose morality in the organisation in personal relationships is also connected to loose discipline in the army itself."

So, as a sign of both discipline and morality, the couple should not engage in "any activity" before marriage.

A relationship starts officially when either a man or a woman applies to another collective for permission to court one of its members. Both collectives then discuss the potential courtship with the members involved before the couple may spend time together and sort out their political ideas.

The minimum age for courtship is supposed to be 20 but this is often waived. The collectives set minimum periods for courtship before members decide whether or not relationships are sufficiently mature to go on to marriage.

The party rules that a honeymoon is the right of every couple. In the case of red fighters, this usually means — at best — a few days alone in a bamboo hut in the forest but it could mean only a mosquito net and a bamboo partition in a hall shared by the comrades.

Breaches of the relationship codes are punishable, although Ka Roger says the party has a more flexible attitude these days. Tensions from situations such as battle are taken into account when disciplining an individual found "being liberal" and going to another individual for "comfort and assurance."

"Whenever this happens, we investigate the level of the offender's education and take some disciplinary action depending on the degree of violation — such as further political education, demotion, transfer or suspension from the party."

The moral codes echo the Catholic background of the cadres but the party does allow divorce in situations such as long-term separation, impotence, severe disability and insanity. It also allows use of contraception and, in extreme cases such as rape, arranges abortions.

And, in the Communist Party, the marriage contract means until death — or a change in ideology — do us part. If

either the husband or wife leaves the movement, the marriage is dissolved automatically.

While discussions continue at the communal table, commander Jean goes to the conference hall up the hill. An intruder has been found in the camp and a new Jeep driven by unfamiliar men has been seen in a nearby village, fuelling fears that military intelligence officers have located the base, but nothing is said until Ka Jean re-appears bright-eyed at the *bario* wedding next day. He and his comrades have walked all through the night and the departure from the camp of this visiting journalist was not altogether randomly timed.

Ka Jean is laughing again as he tells the story. A patrol has the morning before caught near the camp an intruder who claimed that he was from the neighbouring island of Negros and was in the district picking orchids. "So I assigned four comrades in arms to help him and they pick flowers all day. Then we gave him dinner at one of the outlying shelters and then introduced him to the masses at the *bario* who looked after him for the night." In the meantime, the camp was packed up again and the plastic sheets and pots and pans loaded onto backs for the three-hour walk without torches to a safer site.

Is Ka Jean tired? At last, a chance to improve his image as a fighter.

"Oh, no, of course not; I'm used to it," he says.

In the *bario*, lunch is being served — rice and pork and vegetables and lots of it. The bride, wearing new pink pants and a pink checked shirt, is sitting with her collective members but her husband is lying down — he has been up all night helping prepare for the party and has a headache.

The bride's mother is beaming and showing off the two-year-old boy of her own red fighter son.

In the *bario*, life is hard.

After a long group discussion about sexual equality, the men concede that the women in the village do more work.

So, what do the women want from this revolution?

"Well," replies the head of the peasant women's organisation, "I would have to say 'peace and a washing machine'."

## RECORD TRADE WITH CHINA EXAMINED

Kuala Lumpur BUSINESS TIMES in English 27 Jan 87 p 3

[Text]

SINGAPORE, Jan 28  
**THANKS** to exports of petroleum products, which expanded by 140 times, Singapore chalked up a record S\$1.2 billion in sales to China last year.

Accounting for the bulk of the increase in petroleum products exports was the Chinese national trading company Sinochem's contracts to process more than 80,000 barrels a day in Singapore.

The exports of S\$1.2 billion, representing an increase of 70 per cent over the previous year, made China the republic's fifth largest trading partner.

Also contributing to the increase in exports to China last year were manufactured goods, exports of which grew over 31 per cent to about S\$440 million, and services.

Shipments of locally refined oil were estimated to have spiralled from S\$2.5 million to over S\$350 million last year, accounting for 28 per cent of total exports to China.

A team of Sinochem officials was in Singapore recently to negotiate this year's contracts with Singapore. A Sinochem official based in Singapore said total contracts for this year would amount to about 80,000 to 85,000 barrels a day but individual contracts are still being negotiated.

This is almost on par with last year's contracts and is above a guarantee of 60,000 barrels given

under an agreement signed by the two countries in 1985.

Though the business is timely, industry sources noted that the Chinese drove extremely hard bargains, which left little profit margins for local oil refiners.

Shipments of other locally produced manufactured goods grew about 31 per cent last year. Major items were telecommunication apparatus and consumer goods such as television sets and air-conditioners. Other products were vegetable oils, machinery and tools, chemicals and electrical products.

Another major export component was petrochemicals. Shipments of such goods to China took up a quarter of total output.

Sales of plastic materials plunged last year. Latest trade data show that Singapore shipped about S\$99 million worth of plastic materials, compared with S\$139 million in 1985.

For example, the local construction and engineering industry won more than 20 projects with a total contract value of about US\$350 million last year.

Last year saw a marked increase in the number of trade missions and promotions undertaken by top level government officials and various businessmen in the Chinese market. — SBT

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CSO: 4200/375



## TEXTILE EXPORTS SHOW 22.7 PERCENT GROWTH

Kuala Lumpur BUSINESS TIMES in English 18 Feb 87 p 3

[Text]

SINGAPORE'S clothing and textile industry bounced back from a dismal year in 1985 and chalked up record exports worth more than S\$1.2 billion last year.

The 22.7 per cent growth in domestic exports was more than double earlier expectations and was a turnaround from the 5 per cent decline suffered in 1985 when exports fell to S\$978 million.

Many factories operated at full capacity and some were hard pressed to cope with orders, according to the Singapore Textile and Garment Manufacturers' Association (STGMA) in its latest newsletter.

However, several manufacturers were unsure if the strong orders would continue to pour in, it added. Also, the industry still faced a number of major concerns, including labour shortage.

In the middle of last year, the industry projected a 10 per cent increase in domestic exports for 1986.

But an encouraging surge in demand from Singapore's largest market, the US, in the second half helped boost overall exports. This was soon after

Singapore renewed its bilateral textile agreement with the US in June.

Domestic exports of textiles and clothings to the US last year reached S\$809 million, a 20.5 per cent increases over 1985.

There was also a marked increase of 46 per cent in shipments worth S\$146 million to the European market as a result of the stronger European currencies against the local dollar. This is expected to continue into this year. A new textile accord with the European Economic Community also allowed exporters to increase shipments to the region.

The improvement in overall shipments was also helped by a stabilisation in prices and the effects of the series of government cost-cutting measures.

But manufactures still complain of labour shortage, more expensive raw materials, irregular supply of yarn, lack of support from banks and financial houses.

A manufacturer said Singapore workers were shunning work in garment factories. But turning to foreign workers was not the answer since compan-

ies still faced difficulties in getting work permits for Malaysian workers.

The local industry is also worried that the US and other major markets will continue to implement protectionist actions, such as changing customs regulations. It may also have to face another US protectionist textile Bill in Congress in the next few days.

An informal group of American Congressmen, called the House Textile Caucus, led by a Democratic representative, is seeking to impose mandatory import quotas on all suppliers, including those from Western Europe, Canada and Japan.

This follows a failed attempt by another Congressman last year to push through a Bill placing quotas on imports from Asian countries.

Although the Reagan Administration is expected to oppose it, observers say the proposals may be included as an amendment if any major trade legislation moving through Congress this year. This may permit easier passage for the proposals. — SBT

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CSO: 4200/401

THAILAND

CHAWALIT EXPLAINS ISOC REORGANIZATION, VIEWS OF POLITICIANS

Bangkok MATICHON SUT SAPDA in Thai 15 Feb 87 pp 4-7

[Statement by and interview with Gen Chawalit Yongchaiyut, the RTA CINC, on 9 February 1987 at the Army Auditorium]

[Text] Gen Chawalit Yongchaiyut, the RTA CINC, issued a statement and talked to the press at 1000 hours on 9 February 1987 at the Army Auditorium. The following is his statement, which is followed by the interview.

I would like to discuss various matters about which you should know. The first topic concerns something about which you, the mass media, already have some information. It seems that you have been trying to obtain details about this since yesterday. I am referring to the matter of restructuring the Internal Security Operations Command [ISOC]. Before I begin discussing the details, I would like to tell you about the line that we are implementing in order to defeat the country's enemy, that is, the Communist Party of Thailand [CPT]. You probably know about this already, but I would like to review the matter so that everyone understands. If people understand the fundamental principles, such as joint operations, it will be easier to understand why it is necessary to restructure the ISOC.

The fundamental principles in the activities of the CPT are the same as those of communist parties throughout the world. First of all, they adhere to the principle of a national and democratic revolution. This is stipulated clearly in the Communist Manifesto. This means that the communist party wants to transform our country from a democracy with the king at the head into a socialist and finally communist country. They must rely on two main factors, nation and democracy. These two factors are called the factors of revolution.

The national factor refers to the fact that the nation's sovereignty is threatened. The communists rely on this factor to expand their movement. From history, we can see that the communists have used this factor to build up their power, particularly in wars between countries, which we refer to as national wars.

The second important factor is democracy. This refers to the fact that the country does not have a democratic form of administration. The administration still benefits a tiny minority of people or a small group of people. Nothing is done to help the majority of the people in the country. The communists use this factor to change society.

As I have said, these two factors can lead to war or revolution. Thus, we call these war factors. These are the two war factors, or factors that lead to struggle and social change, with change brought about through armed struggle. There are also general factors that exist in every country. These are called social factors. These are very different from the two basic factors mentioned above.

Such factors include corruption, improper activities, and influential powers. We are trying to suppress these things or eliminate them from our society. These are secondary factors.

Every country has such social factors to some degree. But the CPT can rely on these factors to stage a revolution, wage war, and make changes. Looking at things carefully, our country does not have these factors [as published]. We are trying to inform the people about these things. We are trying to solve these two problems and perfect things. Take improper administration, for example. We are working together to correct things. We are trying to put a stop to what is wrong. This is clear from the things that we have done. Thus, most of the things that we have done concern politics.

In a revolutionary war, or revolution, we cannot allow ourselves to be put on the defensive for even a single day. We must remain on the offensive at all times. This refers to being on the offensive politically, not militarily. Mao Zedong was quite clear about this.

It can be seen that war, or defeat by the communists, depends mainly on the political problems. Whoever succeeds in staying on the offensive politically will win in the struggle against the CPT. Order 66/23 was issued by the prime minister, Gen Prem Tinsulanon. This represents an historical change of great importance. Just as in the past, some people may not realize how important this is. But those of us who are fighters realize how important this is. The prime minister understands this problem and has taken steps to solve it. Even though he issued this order 7 years ago, it is still proving effective. This is very important.

I want to say that the political measures that we have implemented require good support from military measures. If we want these political measures to achieve good results, the military must be well disciplined and strong. Thus, I want you to understand that the measures that we have implemented are different from those implemented by other countries. They are different from those implemented by the Philippines and many other countries. Some people think that the situation here, that is, our struggle against the communists, is the same as that in the Philippines. But I want people to know that the situation here is very different from that in the Philippines.

As for the situation here, particularly our actions against the communist terrorists who have left the jungle, people have to understand that these are compulsory measures. We did not instigate things. We have used military force to make the CPT forces in the jungle realize that there is no way that they can win a revolutionary war and that they have another choice. The government has opened the way for them to use peaceful means in order to build the country and reduce the losses for the people and nation. As we have seen, people have left the jungle and surrendered their weapons. This is not the case in the Philippines. In the Philippines, the communists have left the jungle with their weapons and marched down the streets of Manila. That is not the case here. The situation in the two countries is completely different. Things can't be mixed.

The political offensive must be very strong and have the support of military forces. The measures that we have implemented have been very successful. We have scored results in destroying the CPT or reducing or stopping the armed struggle. Because today, they are carrying on political operations only. We must continue to carry on activities in order to destroy the remaining communists. We must do whatever necessary to eliminate the communists.

This is a great achievement. In the past, soldiers who fought against the enemy and won normally received roses from the people. The people would give roses to those marching by. The same is true in this case. I am sure that even if the people don't give them flowers, they have great admiration for the military, which is very heartening to us. This is something else that I want you to know.

Today, the armed struggle has come to an end. The political struggle must be waged on a broad scale. For this reason, it is time that improvements be made in the ISOC. The improvements and corrections will focus on three or four points.

First, control over operations will be adjusted so that it is in line with the present situation. In particular, the size of the unit will be reduced. As a result, the unit's budget will decrease greatly. This is a very important point.

Second, emphasis will be placed on developing a perfect democracy. This is of great importance. The development of a perfect democracy is at the heart of our struggle to defeat the communists. Today, it is said that we already have a perfect system. It's true that we have a very good system. But there are some minor matters that need to be improved and corrected. We must exert pressure and work together to ensure that our system of administration is one that the people want and that will really benefit the people of the nation.

We must stress this second point. A duty of the ISOC is to ensure that war does not break out again. After things are rearranged, we will be able to fulfill this duty better.

Third, we must disseminate ideas to a wide variety of groups. The tasks cannot be carried out by just a few groups. Things must be expanded to all groups, to

all political groups. In particular, the political parties must begin playing a role in stipulating struggle lines or policies. Or at the very least, they must share ideas on what to do on behalf of the country, particularly on how to defeat the communists. Because from now on, this will be a political struggle.

In its new form, the ISOC will be smaller. But its heart and brains will be large, and it will have broad capabilities. The various organizations in the ISOC that used to carry out operations will be turned into organizations that formulate policies, lines, and budgets. The operations personnel will be assigned to the regional ISOCs and to the ministries, bureaus, and departments directly responsible.

The prime minister will be the director of communist suppression activities. Because only the prime minister has a full understanding of the anti-communist struggle, which is one of the country's most important problems. That is, the political problems must be solved in order to achieve a more perfect democracy. This does not mean that we aren't a democracy today. We are. But our democracy must be improved. We must take steps to improve our democracy in line with the wishes of the people. As for how much must be done, only the prime minister can answer that. He will carry out the tasks directly in his capacity as director of communist suppression activities.

I was the director before. But now that the military is no longer involved with this, the prime minister will have direct responsibility. Because this is a political matter. It is a matter of economics and development. It requires the use of the nation's forces to achieve victory. Personally, we will step down. But we will still have duties in the ISOC like before.

What is certain is that the deputy directors of communist suppression activities will include the commanders-in-chief of the various branches of service and the supreme commander. Certain ministers and under secretaries may serve as deputy directors, too. Officials are studying the details.

The next level is that of the policy-making committee. There will be many subcommittees. They will gather ideas and reach a consensus so that everyone accepts this as national policy. Because the struggle to defeat the communists is really a matter of formulating a policy to build the country.

The next level is that of the office of the secretary. This will consist of administrative officials. The present chief of staff of the ISOC will remain in place. But in the future there will not be a chief of staff. Instead, there will be a secretary to the director of communist suppression operations. Besides this, there will be a few sections. But most of the work will be altered or turned over to the chief of staff. We are streamlining things. We are broadening our thinking. We are increasing the scope of responsibilities. We are stipulating responsibilities based on the chain of command. These things will improve our work.

After Gen Chawalit presented the revolutionary principles and said that he would ask permission from the people during a special speech given at the Chulachomklao Royal Military Academy, he went to Nakhon Naiyok Province. Then on 3 February, he expanded on this while answering questions following a debate on the topic "Views on Developing the Army" held at the National Institute of Development Administration. The following quotations are important excerpts from the answers given by the RTA CINC that day.

"When I said that I will not interfere in politics, the words 'political interference' referred to input or to exerting pressure on the government to do this or that in order to achieve this or that. But I will definitely 'interfere' in preserving the political system that we refer to as democracy with the king at the head and in maintaining order and security in order to help our country survive. I will definitely involve myself in this."

"As for what I said in Nakhon Naiyok, I did not say that I would not stage a revolution. I did not deny that. Everyone must have ideas. In political science, the word 'revolution' refers to changing the entire political or social system in order to have a better system. It refers to changing a backward system into a modern system. The Green Revolution, the industrial revolution, and so on are examples of this. Why don't people criticize these? But as soon as I used this word, people began attacking me. This is what upsets me."

"I can assure you that I will not stage a coup. A coup is an illegal change of government. A coup refers to using force to change the government illegally. I won't do that. I will protect the government from being toppled improperly or illegally."

[Question] Is the position of director of communist suppression activities reserved for a person with a particular position?

[Answer] The act stipulates that the prime minister is to appoint someone to this position. The prime minister has the power to appoint someone as he sees fit. He can appoint himself. In the past, the prime minister appointed the RTA CINC to the position of director of communist suppression activities, because the work concerned the military. Strategy and tactics were involved. Plans had to be formulated. In the past, most of the work concerned the military. We were fighting the communists.

[Question] Will the restructuring of the ISOC affect the budget of this organization?

[Answer] Definitely. It's budget will be cut. In particular, we will gradually reduce the number of personnel. Remember, we will reduce the number of personnel gradually. The regular government personnel do not pose much of a problem. They can be transferred back to the ministries, bureaus, and departments. They will still do the same work that they did in the ISOC. But they won't be here. Instead, they will return to their ministry, bureau, or department. Thus, these people aren't a problem. It is the employees that present a problem. There are about 100-200 permanent and temporary employees.

We will have to deal with this gradually. We won't just fire them or release them all of a sudden.

What the ISOC must do is:

1. Improve the control of those in charge in accord with the present situation. The number of personnel and the budget must be reduced.
2. Stress developing and perfecting the democratic system.
3. Prevent the communist terrorists from gaining strength again.
4. Disseminate ideas to all political groups, particularly the political parties, to get them to participate. The problem is to restructure the ISOC.

[Question] When will this restructuring of the ISOC take effect?

[Answer] The prime minister has signed two orders. The first order concerns the fact that he will become the director of communist suppression operations. This is a very significant order. It shows his intention to get involved. I am sure that this restructuring will not affect morale, because everyone is working for the nation.

[Question] When did the prime minister sign Order No 1?

[Answer] He signed it at 0909 hours on 9 February 1987.

[Question] There are rumors that a national government will be formed if Thailand's parliamentary system fails. Do you think that this system, in which administrators are appointed instead of being elected, is suitable given Thailand's present political problems? And do you think that the disappearance of democracy will result in our losing U.S. military aid?

[Answer] I don't think that Thailand's parliamentary system will fail. There must be good understanding. I feel that we sometimes overlook things. When we discuss matters, we sometimes overlook problems. We often don't have the time to discuss the details. I want people to understand that this system has never been a bad system. What we are doing today has never been all bad.

A democracy with the king at the head is the best system for Thailand. We can't have just a simple democracy. We must have a democracy with the king at the head. That is the way it is, because the nation exists in partnership with the monarchy. The monarchy exists in partnership with the nation. We have said many times that it was the monarchy that built the Thai nation. Without the monarchy, there would be no Thai nation.

Why do we have to have a democracy? Because it is in accord with the desires of the people. In another 50 or 500 years, there may be some other system that is better suited to satisfying the desires of the people. But today, there is no better system than democracy. That is why we say that democracy with the king at the head is the best system for Thailand. There is no better system for us. People should not think about switching to a different system. People

shouldn't talk about this. We already have a good system. The bad points can be corrected. Improvements can be made.

The political parties that want to destroy democracy must be made to understand and stand on the side of democracy in order to satisfy the desires of the majority of the people. They must not stir up trouble. They must not become bogged down with one thing or focus only on benefiting their party. If things are not good, people must help make improvements. If our elections are not perfect, steps must be taken to improve them. People must stop casting illegal ballots, stuffing the ballot boxes, and so on.

From now on, we must have better elections. This is what we are talking about. Thus, in response to your question, I don't agree. It is impossible for us to have such a system. Thus, it would be better for us to turn our attention to something else. Let's not waste our time talking about a national government.

[Question] Will the military draft policy be changed?

[Answer] First, this policy was put into effect this year. I am referring to the policy of reducing the number of people drafted or reducing the number of personnel. This was put into effect just this year. The size of the reduction will be known later. But the policy has been implemented. At the same time, other things have been developed in a frugal manner.

Second, as for the welfare and standard of living of the soldiers, the army has issued orders and made many preparations. I will let the second deputy chief of staff will explain things, because he is the one who is involved with this.

Lt Gen Charuai Wongsayan

It would take at least an hour to explain the welfare program for lower-ranking soldiers. Because there are many services and many programs. In response to your question, I will focus on the matter of life insurance. As the RTA CINC has said, the army will provide life insurance for personnel who carry on operations in the field. Today, we have reached an agreement with a life insurance company, the Thai Life Insurance Company, which is a subsidiary of the Thai Military Bank. We have already reached an agreement and are now in the process of formulating a detailed plan. This life insurance plan will go into effect in April, that is, a period of 6 months instead of the usual 1 year in response to the RTA CINC's policy. What this policy means is that soldiers who are on field operations will be covered by a life insurance policy beginning in April. The forces are rotated every year. That is, fresh units are sent into the field to defend the country and continue the struggle against the communists in Thailand. There are about 40,000 soldiers in the field. All of them will have life insurance. If they are killed, the family of an officer will receive 100,000 baht. The family of an NCO will receive 80,000 baht, and the family of a private will receive 50,000 baht. This is the operating principle. This will go into effect this April.

[Question] There has been talk to the effect that the political parties will participate in the regional ISOCs. Will politics begin to play a role?



[Answer] I think that we will see what happens at this lower level and see if there is anything different. The lower level is considered to be a part. There is concern that the provincial councils will interfere at the regional level. We must move slowly. Because we are talking about the total product. This should be at the level of the ISOC in general. As for what the development line will be, let's not talk about that now. We must go step by step.

[Question] I would like to ask about upgrading the military. There have been reports that the army wants to purchase tanks from both the United States and China and that it plans to purchase 14 new helicopters and 5 EMC trucks. It is said that there is not enough money for this. How many years will it take to upgrade the army and how much will be done this year? What percentage will be completed this year?

[Answer] We are upgrading the army as quickly as we can. We determine which units need to be given priority based on the situation. We are upgrading the combat readiness of the units. But even so, this must support future operations, too. There must be development. Today, there is much talk about tanks. But we must upgrade the forces that compose our reserves, which have the power to deal with any situation. This is the main issue. Everything else is secondary.

As for weapons, we have to consider our budget. We have now asked for a great increase in funds. I look at the army's budget over a 10-year period. Remember, I said 10 years. Because 10 years is the cycle of change. If we can't keep up with the technical advances, we will be in great trouble. Thus, we have stipulated a 10-year period for making changes. We will use this period. We will make preparations for modernizing as much as possible during the remaining 7-8 years. By the 9th year, our men will discuss the new technology and determine what we need. This will enable us to keep up. Thus, expenditures by the departments will be highest during the first several years. But expenditures will decline greatly during the remaining 7-8 years.

[Question] You said that expenditures would increase during the first 1-2 years. Will this be a great increase?

[Answer] Regardless of how much expenditures increase, they will not exceed our budget. This is the problem. We have a ceiling. Today, I have 12 billion baht divided into two parts. One part, 6 billion baht, is for personnel. The other 6 billion is for development. I have to do something to reduce the budget for personnel to 4 billion and increase the development budget to 8 billion.

This is the technique that I am using. This is what I have to do. Otherwise, I will have to ask for more funds. This is my technique.

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CSO: 4207/153

WEEKLY COMMENTS ON CHAWALIT'S COUP THREAT

Bangkok SIAM RAT SAPDA WICHAN in Thai 1-7 Feb 87 p 2

[Article: "The Military Asks Permission To Mount Coup"]

[Text] The majority of those who agree that the military needs to get involved with the politics are either in the military themselves or are those who think that the politicians are only interested in themselves and act for their own benefit and not for the people. The military not only considers itself as a citizen or owner of the country like other people but also believes that it has a direct responsibility for protecting and preserving the security of the country. Therefore, when it sees political confusion, which presents an opportunity for the opposition to interfere and bring unrest to the country, it then lends a hand, as a military duty, to solve the problems. When the military becomes involved in politics, no matter if it is by using force in a revolution or by coup d'etat, the beginnings of its involvement are based on good intentions, that is, it desires to solve problems or correct mistakes which could not be corrected through normal political procedures and to build a truly democratic government system, but, in practice, this usually fails in the end.

The reason for the failure is that the military usually thinks that its opinion is correct and uses absolute power to solve problems, which is faster and better than using normal rules and procedures. Thus, every time there is a revolution or coup d'etat, there usually are a lot of orders or proclamations based on special powers which are enforced just like laws that were passed by parliament.

Eventually, when the military has crafted special power and uses it according to its desires, it tries to preserve it as long as it can; the idea of solving problems or getting rid of undemocratic methods starts to disappear because, besides having that kind of power which helps in solving problems easier, there is the opportunity to acquire rank and fortune more easily. Because of these reasons, there are a number of people who believe that a revolution or coup d'etat is not the solution for bringing the nation real democracy. It is like washing a dirty hand in dirty water, it is difficult for the hand to be cleaned.

When we listen carefully to the army commander-in-chief say that if there were to be a coup, he would ask the people's permission first, it leads one to understand two things: first, he does not want to have a coup because if he asks the permission of the people, there will not be a coup because the government will stop it first, and the other is that it is a warning to the government that if its administration is not effective and it cannot solve the people's problems, there might be a coup because the people will allow it.

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## THAILAND

### PRASONG, OTHERS REACT TO GENERAL HAN'S CONTROL OF AGRICULTURE

Bangkok SIAM RAT SAPDA WICHAN in Thai 25-31 Jan 87 pp 4, 5

[Article: "Movement Problems in the Ministry of Agriculture and Cooperatives; Problems in Han's Heart"]

[Text] In assuming the position of minister of agriculture and cooperatives, General Han Leenanond, deputy chief of the Democrat Party (his position at that time), in the fifth Prem government, besides creating disappointment for the general himself, wanted to be with the Ministry of the Interior because he was more skilled in that area, attracted criticism, and was watched by the general populace. This was to determine whether the former 4th Army Area commander, who fearlessly fought with the dark influences and was successful with the famous Tai Rom Jen (Cool Southern Breeze) program, could manage the Agriculture Ministry's portfolio; the Agriculture Ministry is the major ministry for improving the life of the farmer. Although over-estimated, why has General Han not started to work? This is an error in the organization of the fifth Prem government wherein people are assigned to positions outside their area of expertise. The appointments to ministerial positions were distributed among the important political parties which joined the government.

A few days after he assumed the position of minister of agriculture and cooperatives, there were several problems due to the distribution of portfolios to the deputy ministers which caused Mr Prayut Siripanit, deputy minister of agriculture and cooperatives from the Social Action Party, to walk out of a meeting because of dissatisfaction with the work assigned by General Han. Mr Prayut's portfolio, which had been assigned since the fourth Prem government when Mr Narong Wongwan was minister of agriculture and cooperatives, included the Department of Livestock Development, the Department of Cooperative Auditing, the Cooperatives Promotion Department, and the Dairy Farming Promotion Organization of Thailand (DFPOT); this was given to Mr Sano Thienthong, deputy minister of agriculture and cooperatives, from the Chart Thai Party. Mr Prayut was assigned responsibility for the Department of Fisheries, the Land Development Department, the Fish Marketing Organization, and the Government Cold Storage Organization, which resulted in a conflict between the coalition parties from the start. General Han solved the problem by transferring the agencies that Mr Prayut did not want, which were the Government Cold Storage Organization and the Fish Marketing Organization, to Mr Sutep Thieksuban, a deputy minister from the same party.

The coordination with Mr Sutep Thieksuban, the deputy minister from the same party, had not shown much progress from the start. The conflict was about the Marketing Organization for Farmers (MOF) for which Mr Sutep Thieksuban wanted a change in directors; Mr Panrop Danyungmaad held the position as part of the Social Action Party's quota in the fourth Prem government. General Han, however, disagreed with this. It is known that the reason why General Han denied the proposal of the deputy minister from the same party was because Mr Panrop quietly asked to stay in position. Stopping the proposed transfer created great dissatisfaction in Mr Sutep. It created so much dissatisfaction that Mr Sutep returned his responsibilities for the Marketing Organization for Farmers (MOF), the Fish Marketing Organization (FMO), and the Government Cold Storage Organization (GCSO) to General Han to assign to other deputy ministers. The new conflict between the minister and the deputy ministers of agriculture and cooperatives and of the government coalition parties, which is being discussed now, concerns General Han's signing an order, on 12 January before his official foreign trips, assigning Mr Prasitphan Phatanakun, Civil Service Grade 9, deputy director-general of the Royal Irrigation Department, to be deputy director of the Department of Cooperative Auditing and Mr Perm Buphachaad, Civil Service Grade 8, director of the Finance and Accounting Division of the Royal Irrigation Department, to be deputy director-general of the Royal Irrigation Department. He also ordered the deputy ministers of agriculture and cooperatives not to move Civil Service Grade 9's during the period that he was on his official trips abroad, 14-30 January. Before that, General Han had signed an order appointing a committee having full authority to review the assignments of Civil Service Grades 7 and 8. The committee consists of Mr Taleng Nawathamrongsawat, advisor to the Ministry of Agriculture and Cooperatives; Mr Chunlanop Sanidwong na Ayutthaya, undersecretary of agriculture and cooperatives; and Lieutenant Colonel Prathompong Ketsuk, director-general of the Royal Forest Department. General Han is the chairman of the committee.

That order was highly criticized in the Ministry of Agriculture and Cooperatives because Mr Prasitphan was an engineering graduate responsible for engineering, which was what he had direct skills in, but he was transferred to do accounting work. Meanwhile, Mr Perm, an accounting graduate, who was working in his field of expertise, was transferred to be responsible for engineering instead. Furthermore, these interdepartmental transfers shut off opportunities for people in the Department of Cooperative Auditing to move up, and, more importantly, the transfers had not been discussed with the responsible ministers. Although the transfers were within the authority of the ministers, there should have been consultations first, just to be polite and to make things go smoothly.

The aforementioned transfers created great dissatisfaction for Mr Sano Thienthong, deputy minister of agriculture and cooperatives, from the Chart Thai Party.

"I suggested that he review this matter again. But if he insists, we will not be able to interfere. However, I will not stop being dubious about this easily." Mr Sano mentioned that at the Chart Thai party members last Monday, there was a discussion about this problem and a resolution was made to wait until General Han returned from overseas.

"It should not be a problem because each one has his own reasons and is willing to talk and understand each other," said Mr Sutep Thieksuban, deputy minister of agriculture and cooperatives, about the conflict between the ministers from the government coalition parties concerning these transfers.

However, Mr Sutep admitted that this would affect the morale of the regular civil servants, but that is the responsibility of high-level superiors.

Besides this problem, there is another one concerning transfers in the Royal Forest Department. General Han ordered Mr Chamni Bunyopak, director-general of the Royal Forest Department, to be government inspector of the Ministry of Agriculture and Cooperatives and Mr Payrod Suwanakon, deputy director-general of the Royal Forest Department, to become director-general, and Mr Pong Lengee, government inspector of the Ministry of Agriculture and Cooperatives, to be deputy director-general of the Royal Forest Department.

"The transfer of the director-general of the Royal Forest Department was not discussed in the cabinet meeting," said Squadron Leader Prasong Sunsirii, secretary to the prime minister, to the newspapers after the cabinet meeting last Tuesday. He repeated that the prime minister had not talked about this.

The confirmation of the secretary to the prime minister, nicknamed the little cabinet, reflects very well the conflict concerning transfers in the Royal Forest Department. Although the housecleaning operation in the Royal Forest Department has Prem's approval because the former director-general of the Royal Forest Department could not stop the anonymous cutting of wood, when Squadron Leader Prasong Sunsirii, who is General Prem's right arm, spoke as he did, it shows that General Prem does not agree with General Han's order for the aforementioned transfers in the Royal Forest Department.

The problem with the transfers will make General Han sad when he returns from overseas.

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POLITICAL POSITION OF 9TH DIVISION COMMANDER DISCUSSED

Bangkok SIAM RAT SAPDA WICHAN in Thai 25-31 Jan 87 p 9

[Article: "Ninth Division, Big Chiew's Source of Power"]

[Text] The organization of the 9th Infantry Division structure is exactly like that of the Americans, for example, from the weapons they received from Vietnam to having a support brigade. "We fought with the Americans, so when we came back, we established an American-style division," said a military source of SAPDA WICHAN. The most obvious example of this is having the support brigade mentioned above.

Development of Light Combat Division

After General Chawalit Yongchaiyut, the army chief of staff, was appointed by the king to be commander-in-chief of the Royal Thai Army at the end of May 1986, he immediately announced his policy of improving the efficiency of the Royal Thai Army as well as modernizing it. He wants more quality than quantity. He wants the Royal Thai Army to be small but efficient.

Although the policy was announced, the results have not become obvious. But General Chawalit will expedite the policy; within at least 2 years, his term as commander-in-chief of the Royal Thai Army, we will see results. If he achieves his policy goal, the credit will go to him, General Chawalit. However, there is some criticism about the improvement of the quality of the army as being for the building of a base to support General Chawalit after he is out of power and goes off to play politics.

When Major Mongkul Amphonphisit, the military aide to the prime minister, moved from Kanchanaburi to be commander of the 9th Infantry Division, he was watched because, in addition to being an important division of the army, the new commander of the 9th Infantry Division has a close relationship with General Prem Tinsulanonda, the prime minister, and General Chawalit Yongchaiyut.

During his time as aide to the prime minister, when General Prem had political problems, Major General Mongkul was one of the persons who had a role in solving problems with General Chawalit, even in the matter of organizing the fifth Prem government. Part of this was effected by this general. Because of this, together with Chawalit, he is considered to be and is called "heart glue."

The serious work that Major General Mongkul started after he took command of the 9th Infantry Division included unit development and improvement of personnel strength and weapons for combat readiness. Recently, some newspapermen visited the unit; Major General Mongkul revealed that improvement of the unit was in accordance with the policy of the commander-in-chief of the Royal Thai Army and that it will become a "light infantry division," involving reduced personnel strength and development of increased weapons efficiency and high-speed mobility.

The development of the light infantry division is not only emphasized in the 9th Infantry Division but is also aimed at the 2d, 3d, and 6th Infantry Divisions. The 2d Infantry Division reports directly to Army Area 1 as does the 9th Infantry Division. The 3d and 6th Infantry Divisions report to Army Area 2.

Major General Mongkul said that the development of the divisions, as mentioned above, is not easy to accomplish within 2 years; it might take 4-5 years because of budgetary constraints. At present, the budget has been presented to the military operations department of the army and Lieutenant General Suchinda Kraprayoon, vice chief of staff of the army.

#### Keeping Eye on 9th Division

If the development of the 9th Infantry Division into a light infantry division succeeds according to plan, it will be awesome. Nowadays, the 9th Infantry Division is considered to be the major division in the army, its strength is equal to or greater than that of the 1st Infantry Division (King's Guard), and it is equipped with modern weapons.

The present structure of the 9th Infantry Division includes a breakdown into four regiments including infantry and artillery, which are the 9th Infantry Regiment, 19th Infantry Regiment, 9th Support Command, and the 9th Artillery Regiment.

The commanders of the 9th Infantry Division consist of the division commander, Major General Mongkul Amphonphisit; two assistant division commanders, Colonel Cheta Tanajarot and Colonel Prasaad Tankam; and the division chief of staff, Colonel Akadet Sasiprapha.

The commander of the 9th Infantry Regiment is Colonel Pornchai Dechartwong na Ayutthaya, of the 19th Infantry Regiment it is Colonel Chalong Chotikakam, of the 9th Support Command it is Colonel Wibun Yingwiriya, and of the 9th Artillery Regiment it is Colonel Manop Daawruang.

It is noted that Major General Mongkul, Colonel Cheta, and Colonel Prasaad are classmates, Chulachomklao Royal Military Academy, Class 9. The movement of Colonel Cheta from assistant division commander of the 2d Infantry Division of his present position clearly shows that he is in the queue to be commander of the 9th Infantry Division as a future replacement for Major General Mongkul. This is quite certain.

Even if Major General Mongkul moves to another position, the 9th Infantry Division commander's position will still belong to a classmate, which means that "Big Chiew's" base is secure.



## CADRES INVOLVED IN GOLD SMUGGLING ARRESTED

Hanoi TIEN PHONG in Vietnamese 30 Dec 86-5 Jan 87 p 4

[Article by Hong Tuyen: "The Toyota Turns Around"]

[Text] A Toyota slowly stopped in front of a road barrier. This was the Xa Xia port of entry in Kien Giang Province. Three well-dressed and upright-looking men got out and proceeded toward the customshouse to present their credentials. They were Kien Giang provincial cadres: Luu Van Song, 31, director of a cigarette factory in Ha Tien District; Nguyen Van Thach, 44, cadre at the factory; and Nguyen Quoc Huong, 45, director of the union of cooperatives in Vinh Thuan District.

While checking their credentials, Dam Quang Quyet, chief of the customs control unit at the port of entry, asked: "Are all of you on an official trip?"

"Yes, you're correct. We're going over there to sign a contract on barter goods," Luu Van Song promptly replied, waving a pack of 555 cigarettes and inviting Quyet and other combatants in the post to smoke.

Declining the offer politely, Quyet said: "Do you have the contract with you?"

"Sure, sure, we do." Song opened his leather briefcase and took from it a bundle of papers. "Well, whenever we take an official trip, we always comply with the regulations. Here, it is. Please check it carefully."

As he said, all personal papers and the contract were legal beyond a shadow of a doubt. However, an internal voice kept telling Quyet: "Take precautions and don't relax your vigilance!" In recent days, mobile customs control unit No 1 of Kien Giang Province headed by Dam Quang Quyet has arrested many smugglers trying to pass through the Xa Xia customshouse. They quietly lay in wait for, patiently followed, and nabbed diehard smugglers, both phony and genuine cadres. Quyet did not know Song, but records at the post clearly show that it was his third crossing. "Why three trips in just 2 months? Is it truly necessary for you to make so many trips?" Quyet queried. Director Song looked honest, but in Quyet's judgment that cordiality bordering on fawning did not have the true ring.

Dam Quang Quyet said: "Song, all your papers are appropriate. Please take them back. However, we would like to have a brief look at your car."

"No problem. Please do as you wish. We are also fully aware of customs tasks and procedures," Luu Van Song said as he put the stack of papers back into his briefcase and stepped aside, his face showing good will and straightforwardness.

"Thank you."

Unit chief Quyet and two customs combatants--Cuong and Thang--approached the shining Toyota. The trunk was opened, baring the personal belongings of the three cadres and a few gifts which were not forbidden by customs. There was nothing special inside the vehicle, which was empty since all luggage was already placed in the trunk. Quyet looked down and saw an object. What is it? He asked himself. Ah! an old container for machinegun ammo.

Luu Van Song promptly said: "Well, this is the chauffeur's tool box."

The container was opened. As Song said, it was chock full of tools--pliers, hammers, wrenches, and cloth stained with oil and grease.

"Comrade Cuong, check it out!" Quyet issued an order while glancing at Song, Huong, and Thach standing nearby. They looked calm and unaffected.

Cuong stood erect, holding in his hand a small package wrapped in car cloth. "Report to comrade unit chief," he said, "I found it at the bottom of the box, under the tools."

As Quyet opened the package, gold bars scintillated under the sun. Luu Van Song blanched and said nothing.

Dam Quang Quyet barked another order: "Let's record the offense!"

Customs records indicate that Luu Van Song attempted to smuggle out 10 tael, 4 "chi," and 6 "ly" of gold valued at 2 million dong.

"You were caught redhanded bringing gold illegally across the border," Dam Quang Quyet told Luu Van Song and accomplices. "You'll be held accountable for that criminal offense."

Thus, abusing official papers Luu Van Song and some other people brought gold to Thailand to exchange for luxury goods for later resale at home for a profit. Again and again, they bought gold and smuggled it out. At the Xa Xia port of entry, in the first 6 months of 1986, Kien Giang customs combatants made 51 arrests for smuggling goods, gold, silver, and precious stones across the border, valued at tens of millions of dong. Among these smugglers, quite a few were cadres holding official positions in Kien Giang, such as Luu Van Song, Nguyen Van Thach, and Nguyen Quoc Huong.

The Toyota turned around, moving in the direction of the provincial capitol under escort of customs combatants. On 9 August 1986, the case of Luu Van Song, et al. being caught in the very act of smuggling gold across the border was transmitted to the organ of control of Kien Giang Province for prosecution.

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POLITICAL DISCRIMINATION AGAINST SOUTHERN YOUTHS DESCRIBED

Hanoi TIEN PHONG in Vietnamese 11-17 Nov 86 p 4

[Article by Tran Thi Loc, credit bureau of Di Linh Bank, Lam Dong Province: "Eliminate Heavy Prejudices About Family Backgrounds"]

[Text] As southern youths coming of age after the total liberation of the south, we are enlightened by the revolution and are powered to study and mature under the new regime. Our young generation dreams of living, studying, and working in keeping with our capabilities and of contributing as much as possible to building and defending the fatherland. We also want justice and truth in life and are eager to fight all inequities.

However, we have noted that in many southern localities, the practice of evaluating citizens according to their family backgrounds continues to prevail, mostly when it comes to recommending youths for enrollment in colleges and middle schools and for employment with state agencies--a practice that has led some youths to count on their "excellent records" and "friends at court" as an "open sesame" in life. They do very little to improve themselves, striving instead to shun labor and military obligations, and to rely on the "power behind the throne" and their "unassailable curricula vitae" to find a sinecure.

Notwithstanding their revolutionary fervor and skills, however, many other youths are rejected by state organs because some of their family members are "related" to the former regime. In fact, people at the basic level in many localities are "treated differently" according to their family backgrounds. Due to prejudices against their family backgrounds, some youths have had trouble getting security clearances. They have had even more trouble applying for CPV membership. This has generated quite a few negative phenomena. Many youths whose families are more or less related to the former regime don't know which way to turn, thus impeding their own progress. We suggest that party committee echelons examine and solve the matter, laying the groundwork for pragmatic procedures and policies aimed at restraining, even eliminating, these obstacles. A simultaneous effort should be made to get rid of the family-background complex, which torments a great many young students and intellectuals in the southern provinces.

Above are the aspirations and words straight from the heart of a Youth Union member who counts on TIEN PHONG newspaper to transmit an earnest voice to the party with the hope that the party congress and party committee echelons will examine and solve the problem.

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CSO: 4209/244

## NEW STATE PRICE CONTROL CARDS ISSUED

Hanoi NHAN DAN in Vietnamese 7 Jan 87 p 2

[Article: "State Price Control Cards"]

[Text] To strengthen control over compliance with state prices, thus contributing actively to reestablishing order in the price field, the State Price Commission has issued a state price control card and regulations on its use. There are two kinds of cards:

- A card issued by the State Price Commission to official price controllers, or their collaborators at the central echelon, for nationwide use in instances of unexpected control of state, joint state-private, collective, and private economic units.
- A card issued by people's committees of provinces, cities, and special zones under the jurisdiction of the central government to official price controllers, or their collaborators, for local use in instances of the unexpected control of state economic units (including centrally managed, locally based units) and joint state-private, collective, and private economic units.

Each card is a rectangle measuring 9 cm by 6 cm and bearing on its front side the inscription "State Price Control Card."

The state price control card is a substitute for the letter of introduction, or control warrant, issued by an organ of authority for use in instances of unexpected control of economic units while violations of state regulations on prices are being committed.

Card holders are authorized, upon presentation of their cards, to control whenever a price violation is detected, and to ask offenders--either a unit, or an individual--to stop and repair immediately the wrongdoing and surrender all related documents and data. On that basis, the controller is authorized to make a written record on the spot, clearly mentioning the violator's name (or names), the substance, extent, and severity of the violation, and the punishment that has been taken, and to suggest measures that should have been adopted to prevent and prosecute recurrence.

Violations of the law by card holders while using their cards, depending on the gravity of these violations, may have their cards withdrawn and be subject to prosecution before the law.

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## HANOI MOBILIZES PRIVATE CAPITAL TO BOOST PRODUCTION

Hanoi NHAN DAN in Vietnamese 7 Jan 87 p 2

[Article by Anh Long: "Hanoi's Four Measures To Mobilize Capital To Serve Production"]

[Text] Hanoi is bending over backward to mobilize capital for the production of grain, food, and consumer and export goods.

It has expanded agricultural credits, making more disbursements and adding more beneficiaries. In 1986, state agriculture alone granted short-term loans to 206 installations--an almost four-fold increase over 1985, with non-state funding accounting for 20 percent of the total. The Hanoi State Bank took it upon itself to introduce 29 lending projects amounting to nearly 27 million dong (medium-term credits) to finance technological improvement and production standardization. That line of credit enabled state and private farms to rear more hogs and chickens and switch production priorities to fit in with the new situation and tasks. Investments in the collective sector in agriculture to multiply draft power and conduct intensive cultivation of rice, corn, potatoes, vegetables, and cash crops have increased six-fold over 1985. Funding to develop small industry and handicrafts in agriculture has focused on fully using idle farmers, expanding traditional crafts--earthenware and ceramics (Bat Trang), bean flour noodle, honey, glutinous rice germs (Hoai Duc), woven rattan and bamboo, and brooms and brushes (Dan Phuong, Tu Liem, and Hoai Duc)--and building more than 200 ovens to dry tobacco in the districts of Soc Son, Ba Vi, and Thach That. Socialist saving funds and credit cooperatives are actively urging the people to put their nest eggs at the state's disposal to help families of cooperative members, cadres, workers, and civil servants--which have received so far from them a loan total five times larger than that in 1985--to develop animal husbandry and secondary occupations.

Industry, small industry, and handicrafts have also received increased funding. Nearly 350 enterprises, 460 cooperatives, and 1,000 production units keep an account with the state bank, with loans approaching 14 million dong and a rotation frequency attaining 3.5-5 times a year. Sectors and units have banded together to set up 72 investment projects totaling 189 million dong--157 million in credits and 52 million in private funding to boost production of export and essential consumer goods.



These investments have brought about tangible results, enabling the cooperatives to acquire an additional 1,000 buffaloes and cattle for draft breeding, 28 large-size mechanical ploughs, and many smaller ones. High-yield rice areas have attained 38-46 quintals per hectare per season. Corn acreage has increased by 2,000 hectares and its output is not the nation's highest. The municipal green belt is relatively stable, producing 13,000 more tons of vegetables than in 1986. Hog rearing in state farms has resurrected, posting a 60 percent increase over the previous year. Chicken breeding has also gained ground, creating conditions for family animal husbandry to develop. Thanks to funding to expand export production, Hoai Duc District has recently delivered 15,000 rattan chairs to its customers for export. The Ham Rong plastics factory, the Minh Khai weaving mill, and the Hanoi plastics factory have increased export production in terms of quantity, quality, and diversification.

Hanoi has carried out four measures to mobilize capital, as follows:

First, with socioeconomic goals and tasks as set by the CPV and with production realities in mind, the city has drawn up appropriate projects and has renovated technical and administrative measures. Digesting available information, it has taken steps to help and vigorously guide installations to link production with market demands and devise highly efficient investment projects.

Second, it has availed itself of all sources of capital, limiting the spontaneous circulation of money while making investments in planned production more rentable. Due to a diligent effort to strengthen and renovate credit cooperatives and their work formulas, the city has been able to put to use private capital and individual savings amounting to tens of millions of dong. Always leading other provinces and cities nationwide in saving deposits, the Hanoi people have stowed away more than 1 billion dong--accounting for one-sixth of the country's saving total and offering the state bank a great credit backup.

Third, the city has increased the rotation frequency of capital through vigorous steps to control, collect debts, prohibit people from hoarding merchandise pending price hikes, and make use of idle bank deposits. As a result, Hanoi has mobilized billions of dong to fill most credit needs. Some irrationalities still exist in the fields of prices, circulation, distribution, and interest rates with great discrepancies between bank rates and those charged by saving funds). If these irrationalities are overcome, circulation will be smoother, production will speed up, and credit rotation frequency will grow by one or two more turns.

Fourth, the city has fought sluggishness and overbearingness. Borrowers now go only through two offices, instead of five, and the number of customers kept waiting in line has been reduced by two-thirds. The bank has trimmed the cumbersome and inefficient control of books and documents, replacing it with a new approach--follow-up control and on-the-spot scrutiny of economic activities. Credit contracting has expanded to the entire city to ensure

truly equal relationships and strengthen socialist cooperation between grassroots economic units and the state bank. These contracts help make the bank's plans for revenue and expenditures and monetary circulation conform to the financial plans of basic installations.

In 1987, Hanoi should strive to make its investments more rentable, doubling the amount of savings over the previous year and shifting credit cooperatives to business accounting (to determine proper interest rates). It should mobilize more local capital to grow more high-yield rice, corn, and sweet potato during the winter season, open areas specializing in cash crops and food crops, add 3,000 hectares of ponds to fish rearing, build more installations to process and semi-process agricultural products in the districts, finance programs designed to make contract goods for some foreign countries, and make in-depth investments in some installations which produce export goods.

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## QUANG NAM-DA NANG IMPLEMENTS 'THREE GREAT ECONOMIC PROGRAMS'

Hanoi NHAN DAN in Vietnamese 8 Jan 87 pp 1, 4

[Article by Dang Minh Phuong: "Quang Nam-Da Nang Strives To Implement Three Great Economic Programs"]

[Text] To implement three great economic programs in accordance with the resolution of the Sixth CPV Congress, Quang Nam-Da Nang Province has outlined the tasks of its party organization and people in 1987, as follows:

In terms of grain and food, the province should bend over backward to produce 500,000 tons of grain (including 400,000 tons of paddy), 30,000 tons of pork, on the hoof, and 15,000 tons of sugar, 10,000 tons of peanuts, 20,000 tons of vegetables and fruit, 5 million eggs, and other products. On that basis, the province should gradually stabilize market prices and living standards and create material conditions for socioeconomic development in the coming years.

The province should develop agriculture comprehensively, focusing on both animal husbandry and cultivation--rice, subsidiary food crops, cash crops, and export crops--seeing agriculture as a truly foremost battlefront, and investing heavily in intensive farming, multicropping, and acreage expansion.

The province should fully avail itself of the great Phu Ninh water conservancy project and other lakes and dams; dig intra-field canals and ditches; improve irrigation works in existing projects; apply scientific irrigation and drainage measures to raise rice output; build new water conservancy projects in the midlands and highlands, including Hiep Duc, Que Son, and Zone B in Dai Loc District in line with the motto "the state and people working together"; and launch the people on a movement to make stable and green manure. With the districts, it should build installations to process organic fertilizer, lime, and phosphate and leave no stone unturned in increasing exports to acquire foreign exchange for importing nitrate and synthetic fertilizer. It should invest heavily in a model breeding network.

In addition to maintaining a spring-summer rice acreage at 20,000 tons, the localities should grow more peanuts in light-clay and loamy-sand fields to enrich the soil and generate more exports and should practice the intensive

cultivation of rice--and of manioc, especially the H-34 variety--beginning this year. Areas surrounding Da Nang City and sandy fields along the coast should grow vegetables. Cooperatives in the province should set annual norms on vegetable planting. The province should actively open new land to plant tung trees, tea, orange, and manioc H-34, speeding up production in sandy areas to alleviate local hardships.

In animal husbandry, this year the province should vigorously conduct hog crossbreeding, relying on the Mong Cai species to create a herd of pigs weighing 60-70 kg apiece upon leaving the pen and setting aside 20,000 tons of grain for raising hogs in the cities. Agricultural cooperatives should devote 10-15 percent of their grain output to feed in order to reach a minimum total of 50,000 tons of pure and mixed feed for the entire province. Localities and cooperatives should make green and raw feed to help increase the provincial herd to 600,000-700,000 pigs weighing 60-70 kg apiece upon leaving the pen and should rear more fish and catch more sea fish, striving to take 43,000 tons of fish.

This year, the province should mindfully ameliorate the structure of meals and successfully process grain and food--especially subsidiary food crops, potato, manioc, and corn--into pure and ready-to-eat food. It should also process vegetables and fruit, bringing them gradually into the daily diet to reduce starch intake.

As far as consumer goods are concerned, the province should actively set to work five economic components, one of which, the state economic sector, should be able to turn out the most essential goods for local consumers. It should strongly encourage the growth of the family economy, as well as individuals who invest their own capital in production and business, and should set up privately run enterprises to make consumer goods. Through various approaches, it should produce enough ordinary fabric to suit the rural lifestyle--2 meters a year per person--and good-quality laundry soap--for instance, the current Hai Van brand--and continue to maintain contract ties to the Da Nang rubber factory to manufacture 500,000 bicycle tires. The Industrial Service should draw up plans for switching mechanical enterprises to producing mechanical consumer goods, such as bicycle parts, household utensils, electric appliances, and fans.

The province should upgrade and devise plans for bicycle production and guide the building of current big projects--completing work on assembling and installing a beer bottling network and on erecting a building to house equipment to dry fabric and make designs in the Hoa Khanh weaving mill, putting the plating shop and the punching-forging shop of the bicycle factory into commission, and striving to make new commodities. Enterprises making production means, such as the oxygen factory, should do their utmost to serve those manufacturing mechanical consumer goods.

About exports, the province should open special zones to grow small trees for export, creating a main export product for an extended period. The provincial agricultural export enterprise should plant 10,000 coconut trees in Da Nang and Hoa Vang. The province should mindfully improve the quality of artistic handicraft exports, especially those in rattan and bamboo, strongly develop such artistic items as wood engravings and lacquerwares, and upgrade woolen rugs to draw more foreign customers. In addition to traditional exports, qualifying localities should accelerate the exploitation of exportable sources--extracting granite, rearing shrimp, growing algae, etc.

Enterprises already engaged in export should speed up production. Those with no exports should consider taking part, directly or indirectly, in export production. The province should enlarge the 29 March Weaving Mill to accommodate new equipment to produce export towels and should complete work on building and on assembling and installing machinery at the sewing shop in Tam Ky City before the end of the first semester.

The entire province is doing a wide array of work, striving to carry out successfully the first part of the three great economic programs which were put forward by the Sixth CPV Congress.

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## SALT PRODUCTION IMPERILED BY LOW GOVERNMENT PRICES

Hanoi TIEN PHONG in Vietnamese 30 Dec 86-5 Jan 87 p 3

[Article by Xuan Ba: "SOS Signal from an Open-air Factory--Salt Workers Want To Quit; Salt Is Both Overproduced and Undersupplied; Salt Is a Concern for Transportation Sector"]

[Text] Salterns exist almost everywhere along the central coast from Ky Anh to Quynh Luu (Nghe Tinh). If salt making is considered a branch of industrial production, we can liken these fields to a huge open-air factory. The Nghe Tinh Salt Corporation No 2 (Ministry of Internal Trade), backbone of the nation's salt production, manages these mammoth installations which stretch for 200 km. By October, it already wrapped up its 1986 purchasing plan with more than 100,000 tons. Hence, there is apparently nothing left to talk about, except to acclaim a laudable accomplishment--fulfillment and overfulfillment of the state plan. But if this were so, why does the corporation deem it fit to send out an SOS?

In a meeting recently held by the corporation on production management in salt cooperatives, all delegates listened attentively to an address by a young cooperative director from Thach Ha (Nghe Tinh). According to him, the state purchases salt at 900 dong a ton, but to produce a ton of salt is no pushover. The best production time in a year goes from April to September, during which laborers must work from 9 am to dusk in 37-38 degree centigrade heat, loading and unloading sand, separating salt from sand, and drying slat. Toiling that way all day long on his contract field, a first-rate worker can collect at best 2 quintals a day. During the last season, the young cooperative director's family plus two laborers turned out over 6 tons, working more on sunny days to make up for rainy weather. More than 50 percent of their revenue went to the cooperative, leaving them barely enough to buy rice (at 4.8 dong a kg), some barter goods (fabrics, sugar), and materials (regular and thin bamboo, lime, and oyster shells) at free market prices to repair saltern embankments, decanting ponds, and drying yards. A great many laborers exceeded contract norms, but since the state purchased their surplus at only 0.85 dong a kg, they slackened production speed, making just enough to meet official quotas and buy barter rice. So far, an average of 8-10 percent of households in the salt districts (the highest percentage is 14 percent) have turned contract fields back to their cooperatives before switching to private trade. A rather large number of households in the villages have volunteered

for "new economic zones." Cooperative P in Quynh Luu boasts the highest output--10 tons per laborer and 100 tons per hectare--but one-half its members have applied for new economic zones because they could not make both ends meet. Nearly all young laborers in the cooperative said that they had no taste for salt production, preferring instead to work elsewhere.

That explains why salt laborers were still badly off although the 1986 purchasing plan of Salt Corporation No 2 was overfulfilled. The crux of the problem is that purchasing prices are too low. Leading corporation officials stated that they have repeatedly requested the Salt General Corporation to issue rational pricing and purchasing policies. The general corporation has submitted their plea to the Ministry of Internal Trade which, in turn, has referred the matter to the state and responsible organs for consideration. But no decision has been made. In the face of these difficulties, many cooperatives have taken it upon themselves to break away from the monoculture and develop secondary occupations--transportation, processing of chemicals from salty water (a product which is often overlooked after salt is collected), brackish-water shrimp breeding, and shrimping for export...but with no success because of a lack of capital (it is hard to get bank loans while the corporation is not yet in a position to make investments). Pending new purchasing prices, Salt Corporation No 2, the responsible organs of Nghe Tinh Province, and the internal trade sector should find ways to help the cooperatives remove snags and free themselves from the monoculture by exploiting existing local potential and attracting laborers to raise revenues and alleviate the hardships of salt workers.

An apparent absurdity is that although salt is overproduced and is in excess of norms, it is in short supply in many places. Free markets on salt continue to appear and thrive in the highlands and midlands and in localities which are distant from salt production centers. Now, if you visit the railway station in Cau Giat--a transit center where Salt Corporation No 2 stores its salt before shipping it to other places--you will see with your own eyes the causes of that absurdity. Salt fills two warehouses to the brim, spills over to the yards, and lies idle on Thai Harbor next to the railway station warehouses--not to speak of several dozen tons aboard the boats owned by An Hoa Cooperative which carry salt from downstream cooperatives to the depot. Cadres at the depot complain that they have no, or just a very few, transportation facilities. The general salt corporation has signed a salt shipping contract with the Railroad General Department. To handle the load, 7-10 trains are needed a day, but some days these trains were in the station and some other days they were not. A widespread situation is that shipments are 20 days to 2 months behind schedule. Salt losses during transportation have risen from the permissible ceiling of 4.5 percent to 9-11 percent. Young workers at the Cau Giat railway station say that the transportation sector is averse to--even afraid of--shipping salt. They suggest that the railroad sector urgently review and redress that situation by improving traffic planning, for instance, by making more trains available for salt shipping, by adopting suitable and satisfactory measures toward units specializing in hauling salt, and by contributing to reducing negative phenomena.

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BK260231 Hanoi TAP CHI QUAN DOI NHAN DAN in Vietnamese Dec 86 p 72

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8. Continuation of article "Military Issues in the CPSU Platform," carried in May 1986 issue of the Soviet Defense Ministry's military thoughts magazine. (pp 39-44 and 38)

9. Article by Colonel Trinh Quang Tan: "The New Social System and the Fighting Strength of our Armed Forces," saying the armed forces' fighting strength originates from the superiority of the new social system. (pp 45-50)

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